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ABSTRACT

A study explored practical issues in the use of competencies in performance review and in assessment and measurement of competencies by eight leading British employers at different stages in their use of competencies. The practices of 5 organizations using competencies for performance review of their managers were evaluated through feedback from 184 employees. Respondents were satisfied that competencies would help them develop required skills but not that they reflected their technical and professional skills. Satisfaction with the use of competencies was determined by the extent to which respondents believed they would enhance their career prospects. Most agreed that the assessment process relied too heavily on managers' judgments. Respondents were confident they could assess and develop their own competencies. When the outcome of the performance review resulted in recommended training and development for the current job, it had a negative impact. When it resulted in a pay increase, it had a positive impact. Introducing competencies without a clear business purpose raised staff suspicion. The perceived job fit and relevance of competency frameworks influenced satisfaction. Two simple interventions that employers can introduce to add the most value to their practices were using competencies to define job requirements and training staff in the use of competencies. (Appendixes contain 29 references, an annotated bibliography with 49 items, and data tables.) (YLB)

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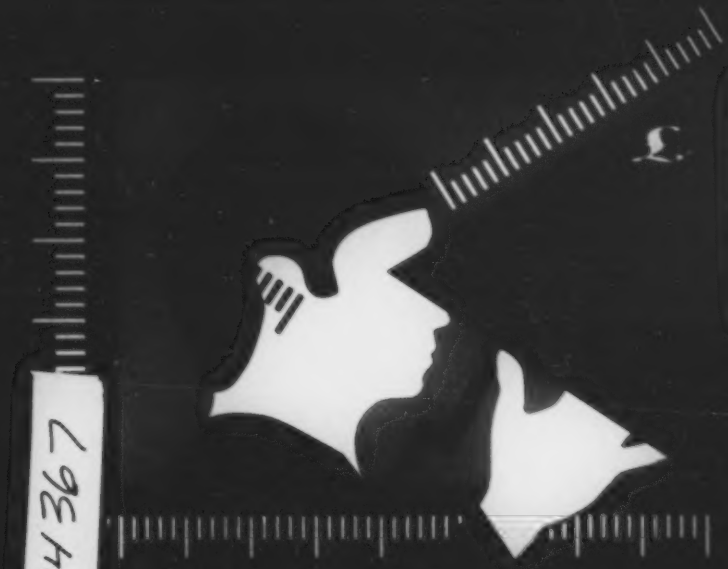

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GETTING THE BEST OUT OF YOUR COMPETENCIES

Marie Strebler
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Executive Summary

The study

This study was commissioned by the IES Co-operative Research Programme (CRP) to explore practical issues in the use of competencies in the context of performance review and, more specifically, in the assessment and measurement of competencies.

The study has drawn on the experiences of the use of competencies by eight leading employers including interviews with fourteen HR staff and group discussions with 34 line managers who use competencies. Feedback from users was obtained from a survey of 184 managers in five of the case study organisations. A review of the research evidence, and IES experience in developing competency frameworks and evaluating their use, have also informed our discussions.

Introducing competencies

Employers believe that competencies give clear messages to employees about the behaviours required by their business. A review of the approaches adopted by the case study organisations, and feedback from users, challenge this belief. Our findings highlight those aspects which are likely to cause the most difficulty to employers.

- Users have conflicting views about competencies. Some are somewhat suspicious about the real business purpose for introducing them. However, most do not believe it to be just an initiative to control costs.
- Attitudes to the 'job fit' of competencies also vary. On the whole, users are satisfied that they will help them develop the future skills required. However, they do not agree that competencies reflect their technical and professional skills.

- Users are neither satisfied nor dissatisfied about the introduction of competency frameworks. Users in financial organisations (*eg* those with a longer experience of use and a service-oriented culture) and with managerial roles are more satisfied with competencies. Users with technical and specialists roles are the most dissatisfied with competency frameworks.

Employers who want to **get the best out of introducing competencies** should be aware of the following practices which have been shown to significantly improve users' satisfaction with competencies:

- Informing users about the initiative requires employers to clearly communicate the business purpose and demonstrate the job fit of competencies, *eg* how they will match different roles.
- Involving users 'to a great extent' means consulting users at the design stage.
- Training users in understanding what competencies mean requires special attention and needs to be divorced from the systems in which they are to be integrated.

Using competencies

In order to manage performance improvements, many employers are faced with the challenge of deciding the purpose for which competencies are best used. They are also required to provide adequate support to individuals for implementing them successfully. Our findings emphasise definite trends across our case study employers for use, but clear messages from their users highlight unmet needs.

- Competencies are most frequently used among the case study organisations to discuss and rate job performance, and identify training needs; they are less frequently used to define job requirements and determine salary and pay increases.
- Satisfaction with the use of competencies is determined by the extent to which users believe they will enhance their career prospects.
- Users are more positive about some aspects of the implementation process (*eg* deciding which competencies are critical for their roles and agreeing levels of performance with their managers) than they are with others (*eg* understanding the link with reward and the consistency in assessment).

Employers who want to **get the best out of using competencies** need to be aware that their use of competencies and the support they provide will significantly improve users' satisfaction. They should, therefore, consider:

- using competencies to discuss career development. Since users believe that competencies will enhance their careers, they are significantly more satisfied when this is supported by their experience of the implementation of competencies (*eg* combined with personal targets).
- using competencies to define job requirements. This significantly contributes to the user's belief that competencies will enhance their career, that they are a fairer way to manage performance, and that they have helped managers clarify performance objectives.
- training their managers to use competencies, by giving them the information they need about the purpose for which they are to be used and the support for implementing them successfully.

Assessing and measuring competencies

Employers which have spent time and money to ensure that competencies are used successfully may understandably anticipate that this will be mirrored by an improved assessment of job performance. Our findings demonstrate that competencies are not immune to the difficulties encountered with the more traditional measurement of job performance.

- The systems used to assess competency performance vary along several important dimensions including the extent to which competencies are weighted, whether self assessment is used, and whether competencies are linked to the level of job performance required.
- Users neither believe nor disbelieve that competencies can be assessed properly. They do, however, agree that the assessment process relies too heavily on managers' judgements and that managers and staff have a different view of what is required in order to demonstrate competencies.
- Interpersonal skills are perceived to be the most difficult to assess and develop. Employers should be mindful of the reasons given by users: these are difficult because of the way they are expressed, overlap with others, need to be adapted to work situations, and behaviours are perceived to be difficult to change.

- The rating systems used make much demand on the ability and willingness of users. Users believe that the process by which competencies are measured is more consistent and fair but that the outcomes (*eg* resulting measures) are not necessarily more objective.

Employers who want to **get the best out of assessing and measuring competencies** should consider the following aspects.

- Give more attention to the initial assessment and agreement of competency performance. It is time consuming but likely to impact on subsequent assessment.
- Review definitions of soft skills and help individuals assess these by integrating them in the work situations in which they need to be demonstrated.
- Learn from the research evidence, which has shown that six or seven competencies are the maximum that can be assessed with reliability; that an average of five rating categories is the optimum number; and that assessors are better at judging performance on whole exercises (*eg* presentation) rather than individual competencies (*eg* communication).
- Use competencies to define job requirements: it improves users' belief that competencies can be assessed properly, and measured consistently and objectively, and the process of performance review is perceived to be more open.
- Train users to assess and measure competencies, by assisting individuals to find suitable evidence to collect, providing examples of effective use of competencies, and poor and good examples of competency performance ratings.

Linking competencies to pay and training outcomes

Whether or not to link competencies to pay is a hotly debated subject. Employers who integrate competencies into their performance review, however, give messages that competencies will be directly or indirectly linked to some outcomes. Our study had other objectives than providing an answer to the debate. However, our findings raise important issues that employers need to address.

- All the case study organisations have combined the use of competencies with the assessment of objectives in the performance review. In practice, objectives are perceived to carry the most weight.

- Users are on the whole confident they can assess and develop their own competencies, but slightly less so for assessing and developing those of others.
- Developing interpersonal skills and coaching staff in the use of competencies present the most challenge to employers, as users are the least confident in this area.
- The outcome of the performance review has a negative impact when it results in recommending training and development for the current job. Users who have received such an outcome are significantly less confident about assessing and developing their own competencies.
- The outcome of the performance review has a positive impact on users when it results in a pay increase. Managers who have received such an outcome are significantly more confident in assessing and developing the competencies of others.
- Integrating competencies into the performance review raises expectations that competencies will be rewarded (most users think that they should) and that assessment will be followed up by some actions (most users think that it is not).

Employers who want to get the best out of integrating competencies into the performance review should aim to do the following:

- Ensure that competency objectives are linked to job requirements.
- Clarify the link, and possible overlap, between objectives based on outputs and personal objectives based on competencies.
- Train managers and their direct reports to integrate competency ratings into overall job performance ratings.
- Monitor the ratings of competency performance as well as of job performance for potential differences not attributable to real differences in performance.
- Manage employees' expectations that needs for competency improvements have to be determined by job requirements or recognised development needs for progression.
- Offer training solutions to assist line managers and their direct reports to improve and develop competency performance.

Getting the best out of your competencies

Employers are spending vast amounts of money and time in introducing competencies. Our findings show that:

- Introducing competencies without a clear business purpose raises staff suspicion.
- The perceived job fit and relevance of competency frameworks influence users' satisfaction.
- Competencies have made the process of performance review more open.
- Interpersonal skills are perceived to be the most difficult to assess and develop.
- Competencies are perceived to improve the consistency and fairness of the assessment and measurement process, but not the outcome (*eg* competency measures).
- The outcomes of the performance review (*eg* link to pay and/or training) impact on users' confidence with their use of competencies.
- Competencies raise expectations that improved performance will be rewarded.

Our study clearly demonstrates that there are at least two fairly simple interventions that employers can introduce to add the most value to their practices:

- Using competencies to define job requirements. Failure to do so may result in individuals finding that their efforts remain largely ignored or, worse, a waste of time, if they are later told that these competencies are not required for their jobs.
- Training staff in the use of competencies, as employers may find the costs and efforts they have spent in introducing competencies are wasted on users who do not understand them and are unable, or unwilling, to make them work.

The solution is for employers to become their own 'corporate doctor'. Evaluating practices by seeking feedback from users will tell them which aspects of their use of competencies need improving and where in their organisations (*eg* location, units, function *etc.*), and for which groups of staff, they need to intervene. The findings of our study highlight the following checklist of points of good practice that employers need to attend to with some urgency:

- Clarify the real business purpose for using competencies.
- Integrate specialist and technical skills and find ways to value these if core competency frameworks are used.
- Review competency frameworks and fine tune competency labels and behavioural indicators as appropriate.

- Train and support users to use, assess and measure competencies.
- Use competencies to define job requirements and discuss career development.
- Attend to the initial assessment stage and consider introducing self assessment, if not already used.
- Listen to users' feedback to establish whether they believe competencies can be assessed properly and measured objectively and fairly.
- Be aware of individual differences in confidence with the use of competencies, provide training in coaching skills, and pay particular attention to the difficulty in developing interpersonal skills.
- Learn from more valid assessment methods and consider the use of multi-source feedback.
- Clarify how competencies are integrated into job performance assessment and how they link to pay and reward.
- Make training and development of competencies happen.

Our study has shown that much insight can be gained by employers when they evaluate their practices. Bearing in mind the complexity of competency approaches, employees are on the whole fairly satisfied with these approaches. Employers should, however, be aware that competencies only exist because of their employees and their motivation and willingness to make them work.

1. Setting the Scene

Employers are spending vast amounts of money and time in introducing competencies. It is claimed that competencies will improve management capability and change the culture of the organisation for the better. So far, we have only heard the views of practitioners and these are divided! Some employers believe competencies bring the much needed 'glue' to bind all human resources (HR) processes, whilst for others it is merely a useful tool. Critics of competencies find the process too mechanistic and unwieldy. So who should we believe, and do we really know?

The answer is we are not likely to know unless we examine how competencies work in practice. How can we know when in devolved organisations the people who are putting them in place are not those who are using them in practice? Do they reach the people they are intended for? What do competencies contribute to the business and where are the real benefits? Employers, understandably perhaps, have shied away from evaluating their competency-based practices, claiming that in a climate of change the real value added of their approaches is difficult to measure. This study was commissioned by the IES Co-operative Research Programme, through which a group of IES Subscribers finance applied research. Its aim was to explore how competencies work in practice and seek feedback from users about the extent to which they are satisfied or dissatisfied with their organisations' use of competencies.

1.1 The use of competencies in the UK

Recent surveys on the use of competencies show that they are a feature of many organisations and likely to increase in the future (Strebler and Bevan, 1996; Matthewman, 1995; Industrial Society, 1996). Large organisations (over 5000 employees) mainly from the service sector seem to be the largest users of competencies.

1.1.1 Why do employers introduce competencies?

The use of competencies has been driven to a large extent by a new business and HR agenda which needs to deliver business performance in an increasingly competitive environment. The improvement of the performance of individual managers is seen as a key factor in achieving this. Not surprisingly, therefore, employers cite the need to develop the future skills required by the business as the primary reason for introducing competencies (Strebler and Bevan, 1996). Similarly, we have reviewed elsewhere the rationale for introducing competencies (Strebler, Thompson and Heron, 1997). This shows that employers believe a competency framework will provide a common language and facilitate cultural change. This is much needed in a business environment with flatter structures which require more flexible job roles, and where accountabilities for managing people have been devolved to line managers. Flexible job roles make it increasingly difficult to characterise jobs (especially managerial ones) as tasks, and employers therefore need broader constructs.

Competencies have been sold by some consultants as the solution to all HR problems. However, introducing competencies has also presented employers with a number of challenges. For example, should they decide to introduce core competencies applicable to all employees, or should competencies reflect the varied and differing needs of business units and employee groups? Similarly, introducing competencies is only a first step. HR practitioners have had to integrate these into their existing systems or develop new competency-based systems. But competency frameworks are often developed independently of the systems they are supposed to underpin. For example, the business rationale for introducing new HR systems may be to simplify the pay structure (*ie* to control the pay bill and reduce costs) and this may conflict with an HR agenda encouraging self development (Strebler, Thompson and Heron, 1997).

1.1.2 Competencies vs competences

We have discussed definitions and approaches in more detail elsewhere (Strebler, Thompson and Heron, 1997; Strebler and Bevan, 1996). Here we merely provide an overview of the state of play. Put simply, competencies are 'the skills, knowledge, experience, attributes and behaviours that an individual needs to perform a job effectively' (Hirsh and Strebler, 1995). However,

there is no generally accepted definition of competencies, but rather a growing academic debate on what they are and how best to define them (Woodruffe, 1992; Dukes, 1995). So different definitions of competencies have been associated with different approaches used to define the competency framework. The competency framework (or list of competencies) is the tool by which competencies are expressed, assessed and measured. These competency frameworks are based, to a lesser or greater extent, on the following:

- A competency model which relates to *'an underlying characteristic of an individual which is causally related to effective or superior performance in a job'* (Boyatzis, 1982). Competencies are expressed as the **behaviours** that an individual needs to demonstrate.
- A competency model which relates to *'the ability to perform activities within an occupation to a prescribed standard'* (Fletcher, 1991). Competencies are expressed as **minimum standards** of competent performance.

Some practitioners have argued about the right spelling of the term. The spelling 'competency' has become associated with a behavioural approach and 'competence' with the standard approach. As the trend is for organisations to link their frameworks to their business objectives (Strebler and Bevan, 1996), in practice competencies may also be called by another name such as capabilities or key success factors.

Organisations in the private sector tend to use a competency model while those in the public sector are adopting modified versions of the competence model (The Industrial Society, 1996). The fact that organisations need to adapt these models to their own purposes or use both in tandem has further blurred the distinction. Our experience shows that organisations need to be pragmatic in their use of the term but that they should know what they mean in practice, and communicate this to users (Hirsh and Strebler, 1995). The real issues, however, are that the different terms indicate significant differences about the focus (person vs job) and the level of performance (competent vs effective or superior).

This debate about definitions and spelling may appear rather sterile when in practice the distinction is becoming blurred and we should not assume therefore that the spelling of the term (when it is used) is a good indication of the type of approach used by employers. In this report, we use the term competency

and we refer to behaviours and standards when appropriate. Meanwhile, employers are having to make their approach work in practice. To understand how we can best assist employers, we need to consider for which purpose organisations are using competencies and get a feel for the issues they face.

1.1.3 For which purpose are competencies used?

Training and development remains the main HR process for which competencies are used (Strebler and Bevan, 1996). As organisations place greater emphasis on managers with devolved accountabilities for managing people, competencies provide clear messages about the culture they wish to develop and lend themselves to individually targeted training (Bevan, Toye and Frost, 1995; Strebler and Bevan, 1996). However, more employers report that they will link competencies to performance management and reward. While such a use is not widespread, it is growing. It seems to be sectorally skewed, with financial and public sector organisations the most likely to introduce competency-based pay (Thompson, 1995; Hay/CBI, 1995).

1.1.4 How do employers introduce competencies?

While organisations may use a combination of approaches, the following practices seem to emerge:

- Some organisations, particularly newly privatised, are adopting a 'big bang' approach to introduce competency-based performance management and reward. This is often, but not always, linked to new pay structures such as broad banding. A generic competency framework is developed, including a number of job or performance levels for each competency. Much interpretation is required, as the competency level applicable to each job is to a large extent left for line managers and their direct reports to agree jointly.
- Other organisations have adopted an 'incremental' approach to introduce competencies gradually in one business or for a specific purpose, such as training and development. An increasing number of organisations are linking their competencies to management development and training (Strebler and Bevan, 1996). A generic competency framework may be used; or a number of functional or technical frameworks developed by each business unit; or a combination of the two.

- A number of organisations are also using competencies in a tactical way for a specific group of staff (managers, technical staff) and/or to tighten an HR process (*eg* selection, appraisal, *etc.*).

The way competency-based approaches are introduced by organisations determines to a large extent how they will be received and understood. In our experience, individual resistance to using competencies may result more from the climate in which they are introduced (*eg* job insecurity) than to the type of competency framework used. The ways in which organisations help individuals implement competencies by providing training and support may, if successful, moderate some of these initial reactions. However, the approach taken by organisations to introduce competencies, and the purpose for which they are being introduced, may have a major impact on the effectiveness of the assessment and measurement of competencies.

1.2 Assessing and measuring competencies

As the use of competencies is increasing, the need to assess and measure them objectively, consistently and fairly is crucial to the effectiveness of HR policies and processes. Concern over the management of diversity in organisations, and concepts of equity and fairness have also been on the HR agenda. As they provide a common language to talk about performance and articulate the behaviours required, competencies may be seen to improve the consistency and fairness of the assessment process. Indeed, some employers introduce them believing that they will improve the consistency of assessment. However, is this a mere 'act of faith'? Whilst employers are increasingly publicising their competency-based approaches, many organisations still rely on appraisal or individual development discussions to assess competency needs and performance, despite more sophisticated assessment methods available (Strebler and Bevan, 1996).

So how effective are competencies at the sharp end and how effective do users perceive them to be? There is little research evidence about the assessment and measurement of competencies. Since they rely on individual judgements, the large body of research evidence related to the assessment and measurement of job performance suggests that they are likely to be subject to the same biases and inconsistency in practice. There is also growing unease about the methods used to derive

frameworks, in particular whether the samples are representative and the extent to which the outputs have been validated. The technical nature of the debate about what competencies are and how they are developed has probably served to confuse rather than help organisations. However, how can we meaningfully assess and measure competencies if we do not have a recognised definition and theory to underpin them? The way competencies have been introduced, and the purpose for which they are being used, also have much impact on how effective their assessment and measurement will be in practice.

1.3 Linking competencies to pay and training outcomes

Whether to link competencies with pay, is also a hotly debated topic. Employers who have used competencies successfully for development are understandably reluctant to make such a link, fearing that it may diminish the benefits they gain from developing them. As it may reduce employees' willingness to disclose development needs, using competencies to reward performance has been perceived to conflict with developing them (Strebler and Bevan, 1996). The debate has concentrated more on our inability to accurately measure the performance of individual competencies (Sparrow, 1996). However, when organisations were only using competencies to train and develop people, there seemed to be little concern expressed, openly at least, about our ability to assess and measure them. Now that employers are considering linking competencies to pay, strong doubts are expressed about our ability to assess and measure individual competencies. Yet important decisions were, and still are, being made about employees' performance and future progression — impacting, albeit indirectly, on their earning potential within or outside their organisations.

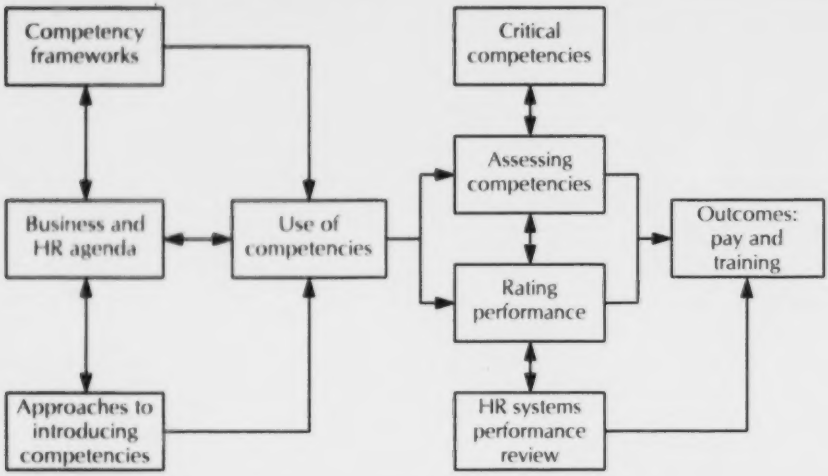
Recent research has shown that amongst the employers who claimed to be using competency-based pay, very few were rewarding their employees on the basis of individual competencies (Incomes Data Services, 1996). Most of the systems used appeared to be a modified version of merit pay systems. Previous research has shown that bias tends to enter the merit pay process when appraisal ratings are being translated into merit pay awards (Bevan and Thompson, 1992), so it would seem pertinent to explore whether competencies have helped or hindered the process. For example, do employees perceive the outcome to be fair, and are they confident about using competencies?

1.4 Study aim and objectives

Claims and counterclaims have been made about the effectiveness of competencies to deliver improved managerial performance. So far, we have little evidence about the value added resulting from the use of competencies by employers. However, an evaluation of the value added of competencies presents difficulties for research. How should we design such research and what should be its focus? For example, should we attempt to measure the effect of competencies on the bottom line, with all the inherent difficulties that this presents, or should we examine the extent to which users are satisfied with different aspects of the use of competencies in their organisations? Whilst value to the business is important, previous IES research has shown that employers believe that the use of competencies has improved motivation and managerial performance (Strebler and Bevan, 1996). We concentrate here on examining employees' satisfaction and inferring that satisfied employees are more likely to be motivated to use their competencies, and to use them better, than dissatisfied employees. Information about best practice in this area would therefore assist organisations in making more informed decisions about using competencies and would pinpoint areas where interventions can best be targeted to improve practice.

We initially focused our research on the practices and pitfalls in assessing and measuring competencies in the context of the performance review. However, the effectiveness of the assessment and measurement process depends on the organisational context in which it is operated. Given the potential issues we have discussed in the use of competencies, it was important to gauge to what extent any issues in assessing and measuring competencies were due to the competencies themselves, and to what extent these are the result of other situational variables impinging upon them such as the organisational climate, existing HR practices and policies, boss-subordinate relationships, and purpose and outcome, *etc*? However, there is a great need to map out the area and highlight issues and best practices. In order to finalise our research questions we first needed to devise a framework to highlight the areas to focus on: Figure 1.1 outlines the areas we sought to address.

Figure 1.1: Overview of research areas



Source: IES, 1997

The objectives of the study were to address four main questions:

- How have employers implemented competencies, and are employees satisfied or dissatisfied with their employers' competency-based approaches?
- For what purposes are competencies best used, and what is the experience of employees with their use in practice?
- What are employers' practices for assessing competencies, and do employees believe they can be assessed properly?
- What are the outcomes of the use of competencies, and are employees confident about using them?

1.5 Methodology

The study followed several stages:

1.5.1 Literature review

The first stage of the project involved a review of the literature related to organisational practices in the use of competencies, and of the research evidence concerning the assessment and measurement of job performance. An annotated bibliography can be found in Appendix 1.

1.5.2 The case study organisations

We held preliminary interviews with a number of organisations, and discussions with participants at IES forums and workshops. We visited eight organisations and conducted individual semi-structured interviews with a total of fourteen HR staff to discuss approaches to competencies. In addition, we held group discussions with 34 line managers across these organisations to seek their views about using competencies for performance review. Table 1.1 presents a brief summary of the case study organisations. It is worth noting that case study participants are not meant to be a representative sample of all users of competencies. They were chosen on the basis of their approaches and the stage they had reached in their development and implementation of competencies. As discussed previously, organisations introduce competencies in different ways and we felt it was interesting to include examples of these (see section 1.2.4 above). For this reason, we also included at the preliminary stage, organisations that had not succeeded in implementing competencies, as well as those having a second go and those in the process of introducing them.

1.5.3 The survey of users

The material collected during our visits was used to design a questionnaire to collect data from line managers and their direct reports on their perceptions of the process. Five organisations

Table 1.1: The case study organisations

- A financial organisation using competencies for specialists and managers*
- A service company in the transport sector using competencies for all staff including operational staff*
- A Local Authority using competencies for managers*
- The IT business unit of a large public service organisation using competencies for IT specialists*
- A bank using competencies for specialists and managers*
- A County Council had used competencies for senior managers
- An organisation providing financial services introducing competencies for managers
- A large corporation reintroducing a new set of competencies for managers

* *Case studies participating in the survey*

Source: IES, 1997

participated in the survey, including three of the initial case study organisations. These organisations had been using competencies for several years and had integrated them into their performance review systems. Questionnaires were distributed to about 50 managers in each organisation. At the close of the survey, 184 completed questionnaires had been returned which represents a response rate of 70 per cent, which is high for an exercise of this kind. Full details of the survey response rate and sampling characteristics are given in Appendix 2, Tables 1.1 to 1.8.

Feedback from the 184 survey respondents to the attitudinal questions (*eg* 'how satisfied or dissatisfied are you that you understand what each competency means?' and 'do you agree or disagree that competencies have helped managers clarify performance objectives?') were computed. The attitudinal statements about satisfaction or dissatisfaction seek to measure the respondents' level of satisfaction with different aspects of the use of competencies. The level of agreement or disagreement with other attitudinal statements measure managerial perceptions (*eg* the extent of satisfaction/dissatisfaction) about the introduction of competencies, the competency-based HR systems used, the assessment and measurement process and its outcomes. All the individual statements were then regrouped under themes by means of statistical analyses. These enabled potential differences between important variables such as the organisational sector, work type, gender, number of appraisees, *etc.* to be investigated. These groupings, known as clusters or scales, are presented in Appendix 3.

1.6 Structure of the report

This report focuses on the findings and practices highlighted by the study. It includes the following sections:

- Chapter 2: 'Implementing competencies' discusses organisational practices, and users' satisfaction with communication, involvement and training.
- Chapter 3: 'Using competencies in practice' examines the purpose for which competencies are used, and users' satisfaction with their experience.
- Chapter 4: 'Assessing and measuring competencies' reviews the methods used for the assessment of competencies, and discusses whether users believe competencies can be assessed properly.

- Chapter 5: 'Linking competencies with training and pay' explores the mechanism by which competencies are linked with outcomes, and whether users are confident in using competencies.
- Chapter 6: 'Getting the best out of your competencies' highlights the practices which add the most value to the use of competencies.

2. Introducing Competencies

Employers believe that competencies give clear messages to employees about the behaviours required by the business, and will help develop the skills required in the future. However, to achieve this, they need to introduce competencies that their employees will understand and find relevant to their jobs. Developing a competency framework can be a time consuming and costly activity. Quite properly employers will want to get it right. The first impressions of the competency framework will shape employees' perception and consequently their motivation to make it work in practice. This chapter considers the following:

- What are the case study organisations' approaches for introducing competencies and supporting users to implement them?
- Are users satisfied with the introduction of competencies and the ways in which they were introduced?
- What are the practices which add the most value to the introduction of competencies?

2.1 The impact of the organisational context

We have discussed previously the potential impact of the business environment (see Chapter 1). We now explore the practices of the case study participants to illustrate this. Table 2.1 summarises the use of competencies for the case study organisations. We can see that organisations are likely to face some common challenges but also encounter different issues resulting from their particular culture and business environment. We contrast the views of the HR staff with the views of users. What can we learn from them?

Table 2.1: Case study organisations' approach to competencies

- A financial organisation had extended its use of competencies for performance review.*
- A service company in the transport sector had introduced a generic framework for all staff including operational staff.*
- A Local Authority in London was using competencies for training and development.*
- The IT business unit of a large public service organisation had introduced a competency framework for IT specialists.*
- A bank used competencies for performance management.*
- A County Council had introduced competency-based performance management with a link to reward for senior managers.
- An organisation providing financial services was introducing competencies for performance management.
- A large corporation was conducting a wide ranging exercise to redesign its competency framework.

* *Case study organisations participating in the survey*

Source: IES, 1997

2.1.1 How were competencies introduced?

Most of the case studies use competencies for performance management but have introduced competencies in very different ways. Some have used, or are using, a 'big bang' approach to introduce them. This means in practice that employees are likely to encounter competencies at the same time as having to implement them. Others have arrived at the same purpose via an incremental use. For example, some organisations in the financial sector had used competencies successfully for recruitment and graduate development before extending their use for performance review. Other organisations' approaches are examples of tactical use for either an HR purpose (*eg* training and development) and/or a group of staff (*eg* IT specialists).

We stated previously that the response of users to competencies appears to be influenced by the organisational climate and the ways in which they were introduced (see 1.2.4). During our preliminary discussions with users, somewhat negative attitudes had been expressed towards the introduction of competencies (*eg* staff suspicion with the approach). In order to gauge the extent to which the organisational context had an impact on the satisfaction with the approach, we asked respondents whether they agree or disagree with a series of attitudinal statements

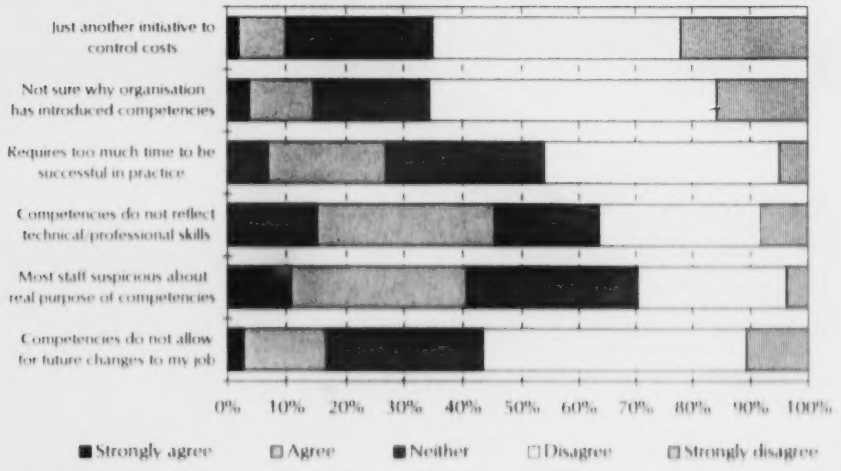
drawn from the preliminary discussions. Managers' responses were clustered around the statements which related to their perceptions of the business purpose for which the approach had been introduced, and the job fit of the competencies produced (see also Appendix 3 for a statistical discussion).

2.1.2 Users' attitudes to the business purpose and job fit of competencies

The attitudes of users to the business purpose and job fit of the competencies are likely to influence their motivation. On the whole, Figure 2.1 suggests that employees hold conflicting views about the business purpose and job fit of competencies. Whilst respondents do not believe 'it is just another initiative to control costs', they are rather more neutral about the fact that 'most staff are suspicious about competencies'. Similarly, they disagree that competencies 'do not allow for future changes to my job' whilst slightly agreeing that competencies 'do not reflect technical and professional skills'.

So why might this be in practice? Since the employers in the survey had introduced competencies for some time, we needed to go back to the other organisations in our study which were

Figure 2.1: Users' attitudes towards the business purpose and job fit of competencies



Source: IES Survey, 1997

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introducing competencies or had tried to introduce them without much success, for a possible answer. One of these organisations had introduced competencies in the context of performance related pay. The staff interviewed indicated that their managers had reacted strongly to an approach which was put in place in a climate of job uncertainty and reorganisation. Despite dropping the link to pay, competencies were little used in practice. For another organisation in the process of introducing them, the link to pay had not yet been made explicit. However, the line managers interviewed had reacted strongly to a skill audit being conducted before they had had time to become familiar with the approach.

Given employees' conflicting attitudes towards the business purpose and job fit of the approach, we explored whether the types of competency framework used by organisations had served to either moderate or reinforce employees' initial reactions to the introduction of competencies.

2.2 Competency frameworks

Employers in this study have introduced different types of competency frameworks (*eg* generic vs specific to a purpose) and they have also introduced them differently with different outcomes. For example, introducing competencies incrementally can give time for the competency framework to become embedded.

2.2.1 Types of competency framework used

Table 2.2 summarises the different types of competency frameworks used by the organisations in the survey. We can see that the behavioural approach to competencies dominates, as it was used by four out of five organisations (see 1.2.2).

It is rather difficult in an anonymous survey to link employees' responses to the specific framework used. In practice, employers may have modified their framework, and employees within the same organisation may use different frameworks. So we used a number of statements that had been made about the competency frameworks and the ways in which they had been introduced, to establish the level of satisfaction with the competency framework.

Table 2.2: Competency frameworks used by the case study organisations

- The financial organisation had introduced 12 analytical competencies in 1987 for analyst jobs. This was followed, in 1995, by the introduction of nine managerial competencies. There is also a set of clerical competencies for more junior staff. Competencies are behavioural, including a mix of hard and soft skills developed via an internal survey and focus groups.
- The large service company in the transport sector uses a generic behavioural framework developed with the help of an external consultant, via a large exercise using focus groups.
- The Local Authority in London uses a competency framework adapted from the management standards (Management Charter Initiative MCI).
- The IT business unit uses a set of 13 behavioural competencies applying to all staff. These were introduced in 1990 as a result of business changes and the need to develop soft skills, in relation to customers rather than technical skills. Competencies were developed by an external consultant.
- The bank uses a 'job families' approach, and skills and competencies are an integral part of role profiles and job levels. There are four families (eg sales etc.), key competencies required, and skills needed at entry and for excellence.

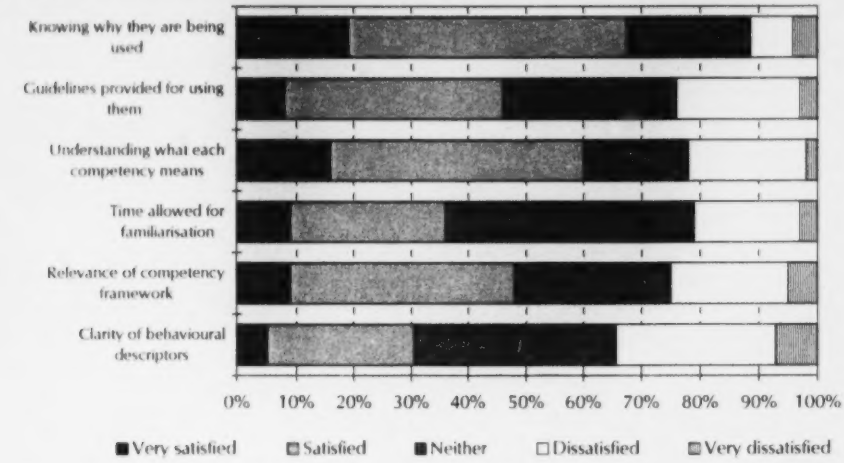
Source: IES, 1997

2.2.2 Are users satisfied with the introduction of competency frameworks?

On the whole, users are rather neutral about the introduction of competencies, being neither very dissatisfied nor very satisfied, as shown in Figure 2.2. We compared responses of users across the different organisations in the survey. While there was no difference at the individual organisational level, respondents from the two financial organisations tended to be more satisfied with competency frameworks than their non-financial counterparts, as shown in Appendix 2 Table 2.1. Users in financial organisations tend to be more satisfied with knowing why they are being used, understanding what each competency means, and the relevance of the framework. As Appendix 2 Table 2.1 shows, however, specialist respondents are on the whole less satisfied with competencies than their managerial counterparts. The fact that specialist respondents find that their competency framework does not match the requirements of their jobs (*eg* relevance) would suggest that job fit again (see 2.1.2) has an impact on users' satisfaction, as demonstrated by the following respondent:

> *'I do not believe in competencies in my field as professional competency is assessed annually under licensing procedures.'*

Figure 2.2: Users' satisfaction with the competency frameworks



Source: IES Survey, 1997

As another respondent from the same organisation suggests:

> *'a different set of core competencies needs to be utilised or, failing this, a number of competencies should be removed.'*

The fact that respondents in financial organisations are more satisfied with competencies is perhaps not surprising since we know that service organisations in the private sector tend to be the largest users of competencies, and these may have become more embedded in their culture (see 1.2). This may suggest that the type of competency frameworks used is perhaps less important than the way in which it is introduced, since these two organisations use widely different competency frameworks.

Introducing competencies requires organisations to give clear information about what they are to be used for, and how to use them in practice. So satisfaction with competency frameworks may also reflect the way competencies were introduced and we compared the variation of users' satisfaction according to whether they had been informed about the initiative.

2.2.3 Does communication improve user satisfaction?

It is encouraging to find that only five respondents who had been employed at the time competencies were introduced by

their organisations had not been informed at all. In order to gauge whether communication had any impact on employees' satisfaction with the introduction of competencies, we compared the satisfaction of respondents according to the extent to which they had been informed.

Appendix 2 Table 2.2 illustrates that informing employees has an impact on their level of satisfaction with various aspects of the approach. Whilst none of the respondents informed 'to a limited extent' are very dissatisfied with the introduction of competencies by their organisation, informing employees 'to a great extent' about the initiative has the effect of improving their satisfaction with its introduction. Employers therefore may benefit from communicating their approach to users.

The effect of communication is aptly demonstrated by a satisfied respondent who commented:

> *'I think the competency system in my organisation is well administered and I understand what competencies are.'*

By contrast, lack of information about the introduction can have much negative impact on users otherwise well disposed towards the approach:

> *'Once again this seems another initiative brought in with little thought — I have no doubt that it is valuable tool in other organisations where staff are fully informed as to their use and value.'*

2.3 Users' involvement and training

Practitioners put much emphasis on the need to involve users in the design of competency frameworks. Similarly, training and support can assist users in the implementation process. We review the practices of the case study organisations and examine whether these have had any impact on users' satisfaction.

2.3.1 Does user involvement improve satisfaction?

As Table 2.2 suggests, most organisations in the survey have involved groups of users in the development of their competency frameworks. Given that involvement of users in the design can add much to the time taken (and therefore costs) to develop a competency framework, organisations may therefore like to know whether this adds to the satisfaction of users in practice.

Only 17 out of 145 respondents had been involved in defining competencies 'to a great extent'. Appendix 2 Table 2.3 shows that being involved in defining competencies 'to a great extent' had the most effect in improving the satisfaction of users with understanding why they were being used, understanding each competency, the relevance of the framework and the clarity of behavioural indicators. It is difficult to draw definite conclusions on the basis of a small sample. Nonetheless, these findings would seem to suggest that most of the benefit is gained from involving users to a great extent. Involving users may serve to prevent what one respondent describes as:

> *'a widespread ignorance of what they mean, what qualities they define and how they should be assessed — not taken seriously by managers and their staff.'*

Moreover, the experience of the organisations which had not been successful in introducing competencies indicates that it is perhaps more of a case of the right amount, in the right way and at the right time. Ensuring user ownership was felt to be the way forward for the organisation which was having a second attempt at introducing competencies. Competencies had not received much support from managers the first time around. This time, every single manager had been written to and asked to comment on their needs. HR staff, with the help of occupational psychologists acting as internal consultants, were conducting a large exercise with wide consultation. By contrast, the organisation which had linked competencies to pay had, understandably, put much emphasis on getting the framework right first, and consulting afterwards. Whilst it had conducted a piloting exercise to consult a few managers, as managers told us it was more of 'a fait accompli' and it had been perceived as a personnel initiative imposed on them from above.

2.3.2 Does user training improve satisfaction?

Again, best practice recommends that adequate support and training be given to users. For instance, it is common practice for organisations to provide guidelines on how to use performance review systems. These are often accompanied by workshops for managers and direct reports where the format, contents and cycle of the performance review process are fully discussed, and practice is given in setting objectives and rating performance. How is training and support in the use of competencies integrated in this context?

All organisations were providing guidelines for their employees. Most were contained in folders and varied in length and detail. As most competency frameworks tended to be incorporated with the performance review system, however, it seems that less guidance was given on how to use competencies. There was also little evidence of wide scale training exercises carried out by organisations. Indeed, some of the managers we interviewed in one organisation had complained that while HR staff had spent many months in developing the new competency-based appraisal system, they had only been given a two hour briefing to implement the system. One organisation had, however, run seminars which they had called 'job fairs'. Again, these activities concentrated more on explaining the new system and how it fitted in with performance appraisal, rather than on understanding and using competencies.

It was revealing to find that 25 respondents had not been trained at all in the approach, and their level of satisfaction with the approach reflects this, as shown in Figure 2.3. Given that respondents who had been trained 'to a great extent' across all the organisations were significantly more satisfied with the approach than their counterparts who had not been trained, this effect could not be attributed to the one organisation who had failed to train users. More importantly, training appears to counteract the negative reactions of specialist staff, since they are as satisfied as their managerial colleagues with the competency framework when trained to a great extent. Satisfaction was greater for knowing why competencies are being used, and understanding what each competency means. Training also improves satisfaction with the clarity of behavioural indicators.

The impact of training is well illustrated by the comment of a satisfied user:

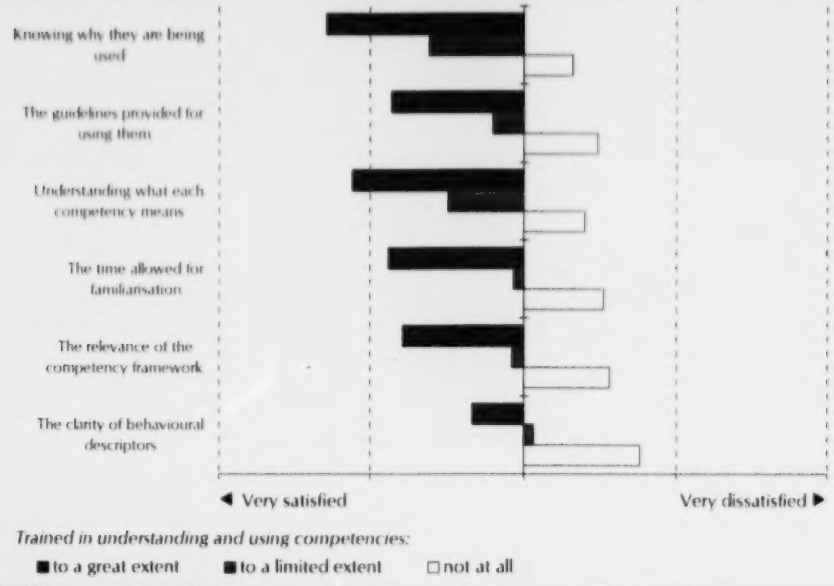
> *'I believe in the system and so long as appraisers are properly trained a degree of subjectivity should be eliminated.'*

By contrast, another respondent was pondering:

> *'Why oh! why does my organisation introduce new tools but does not give the training on how to use them!'*

The guidelines provided seemed to reflect the purpose for which competencies were being used. For instance, an organisation which emphasised the use of competencies for training and development, provided accompanying folders to support their

Figure 2.3 : Impact of training on users' satisfaction with the relevance of the competency frameworks


Knowing why they are being used
The guidelines provided for using them
Understanding what each competency means
The time allowed for familiarisation
The relevance of the competency framework
The clarity of behavioural descriptors
◄ Very satisfied
Very dissatisfied ►
Trained in understanding and using competencies:
■ to a great extent
■ to a limited extent
□ not at all

Source: IES Survey, 1997

guidelines. These folders contained 'menus of learning opportunities' such as suitable courses, project experience, distance learning and coaching. This meant that line managers and their direct reports were provided with much information. Whilst a balance is always difficult to achieve between depth and breadth, most line managers yearned for simple and clear support adapted to their needs. The message given by money spent on glossy folders can also be counter-productive in an organisation which is trying to reduce costs.

2.4 Getting the best out of introducing competencies

This section has explored the approaches adopted by the case study organisations to introduce competencies, and compared these with the impact they have on users' satisfaction, and therefore motivation to use competencies in practice. In the current business environment, it is perhaps unrealistic to expect that competencies will be introduced in a climate conducive to their use. Senior managers may need to be persuaded to allow

for the additional time and money, which interventions to get the best out of introducing competencies may require. So far we have not really known whether they had any impact in practice. So which practices are likely to improve users' satisfaction with competencies?

- Most respondents have conflicting views about competencies. Some appear somewhat suspicious about the real business purpose for introducing them, whilst most do not believe it is 'just an initiative to control costs'. Employers who are introducing competencies in a climate of job uncertainty, where cost reduction is a priority, should be mindful of these findings. They should therefore pay particular attention to effective communication of the real business purpose for introducing competencies.
- Attitudes to the 'job fit' of competencies also vary. Whilst most respondents appear satisfied that they will help them develop competencies in the future, they are more neutral about competencies reflecting the technical and professional aspects of their jobs.
- Technical and specialist respondents are the most dissatisfied with the relevance of the competency framework to the skills needed in their jobs. This suggests that specialist and technical staff should be involved in the development of competency frameworks, and that employers need to recognise that generic competency frameworks may have to be supplemented with specialist and technical skills.
- Users' attitudes are somewhat moderated by their response to the competency frameworks introduced by their organisations. Users in the financial organisations in the survey were the most satisfied about knowing why competencies are being used, understanding what each competency means and the relevance of the competency frameworks. These findings indicate that employers need to allow time for their staff to become familiar with the approach, and for the competency framework to become embedded in their culture.
- Informing users about the initiative 'to a great extent' improves their satisfaction with competencies. This suggests that clear communication about the real business agenda and job fit of competencies may help counteract some of the negative attitudes held by users.
- Respondents who have been involved in the design of competencies are more satisfied with the approach. However, employers should be aware that this involvement has to be of the right kind (*eg* consultative) and at the right time (*eg* at the design stage).

- Training users to use competencies in practice, has the most significant impact on their level of satisfaction with the approach. Nonetheless, training has to be specially targeted to the competencies rather than to the system in which they are being used (*eg* performance review).

Clearly benefits can be gained from successfully introducing competencies. Successful implementation and use of competencies will depend on whether:

- the approach has been developed in a climate conducive to their introduction
- the resulting product is felt relevant by employees
- mechanisms have been put in place to facilitate its implementation, such as communication and training.

3. Using Competencies in Practice

Getting the competency framework right and introducing competencies successfully is only the first step. In order to manage performance improvements and develop the skills required, employers have to make decisions about the purpose for which competencies are best used. Similarly, line managers and individuals have to implement competencies successfully. Again, the level of understanding and motivation of users is key to both processes. This section examines the following:

- What are competencies used for by the case study organisations, and what is the experience of users in practice?
- Are respondents satisfied with their experience of the use of competencies in their organisations?
- Are users satisfied with the process by which competencies are implemented?
- What are the practices which add the most value to the use of competencies?

3.1 Use of competencies

In a business environment where accountability for managing performance has been devolved to the line, competency approaches are thought to equip line managers with a better tool to do so. To this end, case study organisations had put in place competency-based performance review systems, as shown in Table 3.1. Although HR staff are the designers and custodians of such systems, they have little control as to whether these systems will be used, and used successfully, in practice. For these reasons, we explored the uses of competencies from a users' perspective.

Table 3.1 : Summary of uses of competencies by the case study organisations

- The financial organisation uses analytical and managerial competencies for recruitment and at the development centre. All competencies are used in performance review. There is no current link to pay.
- The transport service company uses core competencies for individual performance assessment via annual appraisal. The focus is on development of competencies and there is no link to pay.
- The Local Authority uses competencies only as indicators for identifying training and development needs. These are not included in the performance review process and there is no link to pay.
- The IT business unit uses competencies to define job requirements and whether competencies are critical, important or valuable to the job (this is done by skill groups rather than line managers). Competencies are part of the performance review as indicators of development needs and there is no link to pay.
- The bank uses competencies to define job family requirements with purpose of job and performance outputs. Competencies are part of the annual appraisal and there is a link to pay.

Source: IES, 1997

3.1.1 What is the experience of uses of competencies?

We asked respondents which uses they have most experience of in practice. Table 3.2 shows that most respondents have experienced the use of competencies to discuss and rate job performance and identify training needs. The pattern of use indicates that these three main uses are also more likely to be used together.

Table 3.2 : Experience of use of competencies

	Not at all		Limited extent		Great extent		Don't know	
	N	%	N	%	N	%	N	%
Define job requirements	44	24	83	45	51	31	—	—
Discuss job performance	4	2	69	38	108	59	1	1
Rate job performance	17	9	65	36	97	53	4	2
Identify training needs	13	7	82	45	87	47	2	1
Discuss career development	19	10	98	53	66	36	1	1
Determine salary and pay increases	84	46	68	37	29	16	3	2

Source: IES Survey, 1997

Competencies are least frequently used to determine salary and pay increases by the case study organisations. Although competency performance is rated, these ratings are not directly linked with salary increases in most of the organisations surveyed. This is perhaps not surprising since organisations using competencies do not tend to link them to pay (see 1.2.3). It suggests that the case study organisations are fairly representative of current employers' usage of competencies.

However, competencies are also the least likely to be used to define job requirements. Given that employers are moving away from specific job requirements to more flexible job roles, it seems to confirm that requirements for competency performance are more determined by individual performance than by the tasks to be carried out. It reflects the fact that competencies are used to articulate aspects of job performance that are not well captured by merely defining the tasks and activities required for a job or job role. However, managing performance of employees without giving them clear indications as to what they have to perform for, may present problems (see 3.2.1 below).

It proved interesting to compare whether users' experience of the purpose for which competencies are used matches what their organisations had said they were currently using them for (see Table 3.1). For example, we were told by one organisation that competencies were not rated for the performance review and that they were not currently linked to pay. In practice, a sizeable proportion of their respondents had experienced the use of competencies to rate job performance and determine salary and pay increases to a great extent. Other organisations had a similar, if less obvious, mismatch. Whilst this may well reflect differing practices between different parts of the organisation, and/or changes of use over time, discrepancies between recommended and actual practices further demonstrate the need to consider the use of competencies from the point of view of users. It is also further evidence that the use to which competencies are put may not necessarily be the one for which they were originally, or currently, intended.

In order to understand the potential impact that these uses may have on satisfaction with competencies, we explored employees' overall attitudes with the use of competencies, again drawing from the important aspects that had been mentioned by users during the preliminary discussions. These seemed to cluster around whether respondents perceive that the use of

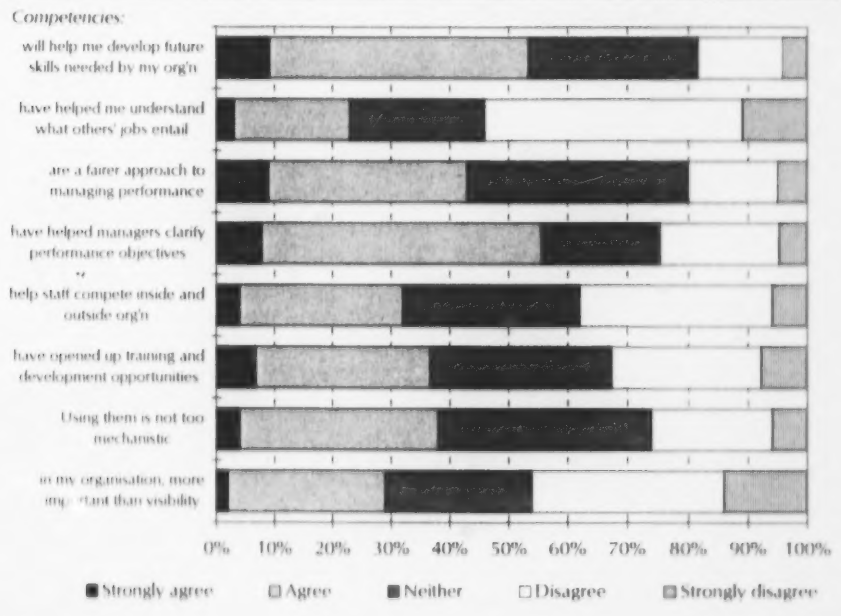
competencies will enhance their career prospects (see also Appendix 3).

3.1.2 Do users believe competencies enhance their career prospects?

Figure 3.1 demonstrates somewhat conflicting views. On the one hand, employees in the survey believe that competencies will help them develop future skills, that they have helped managers clarify performance objectives and that they are a fairer way to manage performance. On the other, they are more neutral about having access to training to develop them and believe visibility is more important than competency. All these latter aspects of course are related to whether respondents believed competencies will help them enhance their career. As one respondent clearly stated:

> *'competencies are a useful tool but they are only a factor in an individual's development.'*

Figure 3.1 : Attitudes of respondents towards using competencies to enhance their career



Source: IES Survey, 1997

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However, since competencies are thought to provide clearer messages about employees' required behaviours, it is interesting to note that respondents disagreed that 'competencies have helped them understand what other people's jobs entail'. While this may be due to the fact that some organisations were using generic competency frameworks, we found no difference with organisations using a more targeted framework such as analytical competencies. Understanding other people's jobs is of course a prerequisite for making career decisions, and may contribute to perceptions of internal equity.

So does the purpose for which competencies are used in practice by the case study organisations have any impact on the attitudes of their employees?

3.2 What are competencies best used for?

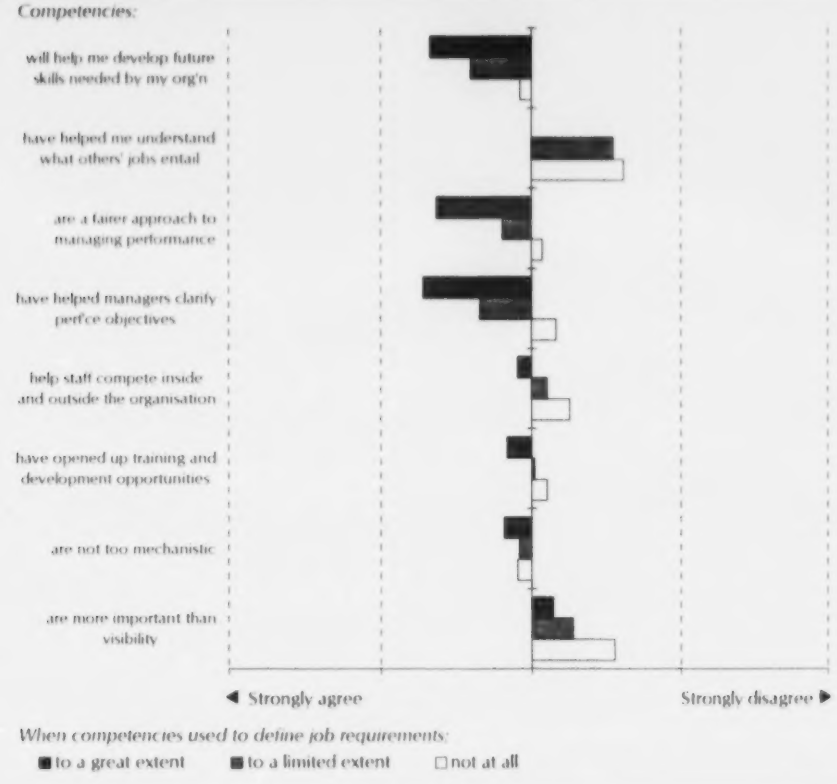
Given that competencies are used for several purposes, including purposes that may be conflicting in practice (*eg* developing competencies and rewarding them), we examined whether the experience of use had any impact on respondents' perceptions that competencies will enhance their career.

Appendix 2 Table 3.1 demonstrates that the purposes for which competencies are mostly used (*eg* to discuss and rate job performance and identify training needs) do not impact significantly on the overall attitudes of the respondents. Again, this may not be surprising since these are the most widely used and differences, if they exist, may come to the fore when they are used in conjunction with the performance review (see Chapter 5). However, we may have expected the use of competencies to discuss career development to have some effect on employees' attitudes on career enhancement. The purposes for which competencies are least used (*eg* define job requirements and determine salary and pay increases) do seem to have an impact on the respondents' attitudes and we explore these further.

3.2.1 Defining job requirements

Figure 3.2 shows that using competencies to define job requirements has a significant impact on whether competencies are perceived to enhance career prospects. In particular, respondents are more satisfied with the fact that competencies have helped managers clarify objectives, that they will help them develop

Figure 3.2: Attitudes of respondents towards using competencies to enhance career when competencies are used to define job requirements


Competencies:
will help me develop future skills needed by my org'n
have helped me understand what others' jobs entail
are a fairer approach to managing performance
have helped managers clarify perf'ce objectives
help staff compete inside and outside the organisation
have opened up training and development opportunities
are not too mechanistic
are more important than visibility
◀ Strongly agree
Strongly disagree ▶
When competencies used to define job requirements:
to a great extent
to a limited extent
not at all

Source: IES Survey, 1997

future skills, and are perceived to be a fairer approach to managing performance. This would suggest that until organisations have addressed needs for more clarity in how competencies link with job requirements, users are unlikely to be satisfied with the approach.

3.2.2 Determining salary and pay increases

Although attitudes to career enhancement appear to be improved by the use of competencies to determine salary and pay increases, this is not statistically significant (see Appendix 3 for a statistical discussion). However, the small number of employees in the

survey, for whom competencies to determine salary and pay increases is used to a great extent, agreed that competencies will help them develop future skills, that the approach is not too mechanistic, and that competencies have opened up training and development opportunities. Whilst it is not possible to conclude that respondents are more satisfied with this use, it would be interesting to check this with a larger sample. However, satisfaction with the use of competencies will also depend on how they are put to use in practice.

3.3 Putting competencies into practice

We commented elsewhere that putting competencies into practice appears to be left to the interpretation and judgement of individual line managers (Strebler and Bevan, 1996). Line managers told us during the preliminary discussions that they needed to be equipped to make competencies work for them, particularly if they have not been involved in their development. Often, they are given guidelines which they have to apply to their local circumstances. In practice, they have to:

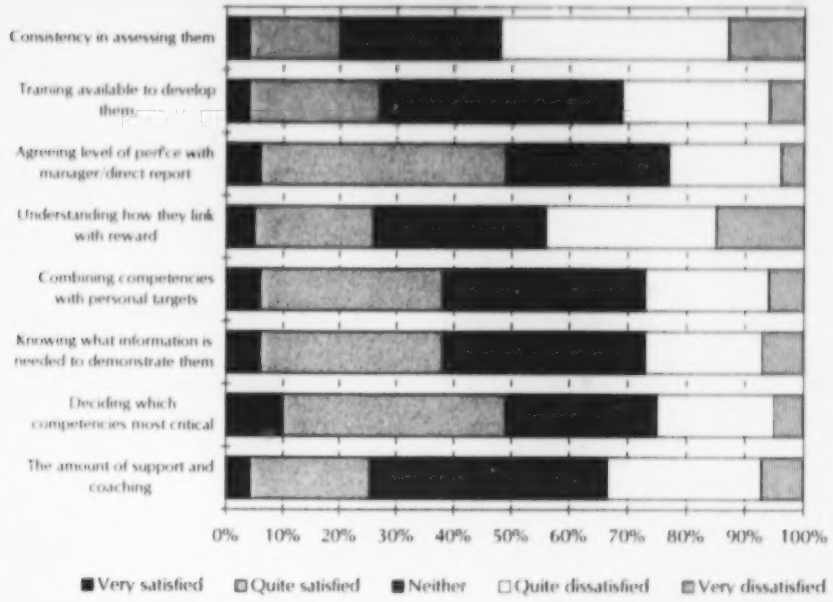
- Relate competency needs to their department or unit objectives.
- Know which are the core competencies, and sometimes rewrite the behavioural statements to fit their local unit language.
- Integrate these with functional needs and weight them for criticality.
- Match competencies with job requirements and understand how competencies contribute to achieving individual objectives.
- Agree with their direct reports the requirements of the job, and the current and future level of competency performance.

Given the complexity of this process, we sought feedback on users' satisfaction with their experience of putting competencies into practice. It was interesting to find that users' satisfaction with the approach not only depends on the relevance of competencies (see 2.2.2) but also depends on the respondents' perception of whether competencies had been implemented successfully.

3.3.1 Are users satisfied with putting competencies into practice?

Figure 3.3 shows that on the whole respondents were rather neutral about putting competencies into practice. They were

Figure 3.3: Users' satisfaction with putting competencies into practice



Source: IES Survey, 1997

slightly satisfied with deciding which competencies are critical and agreeing the level of performance with their managers/ direct reports. They were mostly dissatisfied in understanding how competencies link with reward, and about the consistency in assessing them. We discuss assessment and measurement in the next chapter.

Since the purpose for which competencies are being used is likely to influence the satisfaction of users, we now turn to this aspect.

3.3.2 Does the use of competencies improve satisfaction with putting them to practice?

Here we find that the use of competencies to discuss career development 'to a great extent' significantly improves respondents' satisfaction with putting competencies into practice, as shown in Figure 3.4. These employees are more satisfied with deciding which competencies are critical, agreeing their level of

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performance with their managers/direct reports, and combining these with personal targets. They are also slightly less dissatisfied with the consistency in assessing competencies. The small number of respondents for whom competencies are not used at all to discuss career development, emerged as the most dissatisfied group of all users with putting competencies into practice.

Comparing these findings with the use of competencies to determine salary and pay increases 'to a great extent' shows that the latter use has the effect of improving respondents' satisfaction with understanding how competencies link to reward, and with agreeing their level of performance with their managers/direct reports. This may not be surprising since linking competencies to pay may put more emphasis on the need for managers to be clearer about how these are linked. However, it may seem counter-intuitive, given that rewarding competencies is perceived to conflict with developing them (Strebler and Bevan, 1996). In our previous study, line managers had told us that there was less incentive to self disclose weaknesses, if this had an influence on an individual's level of pay. Interestingly, the respondents in the current study were still fairly neutral about having access to the training that would enable them to develop competencies.

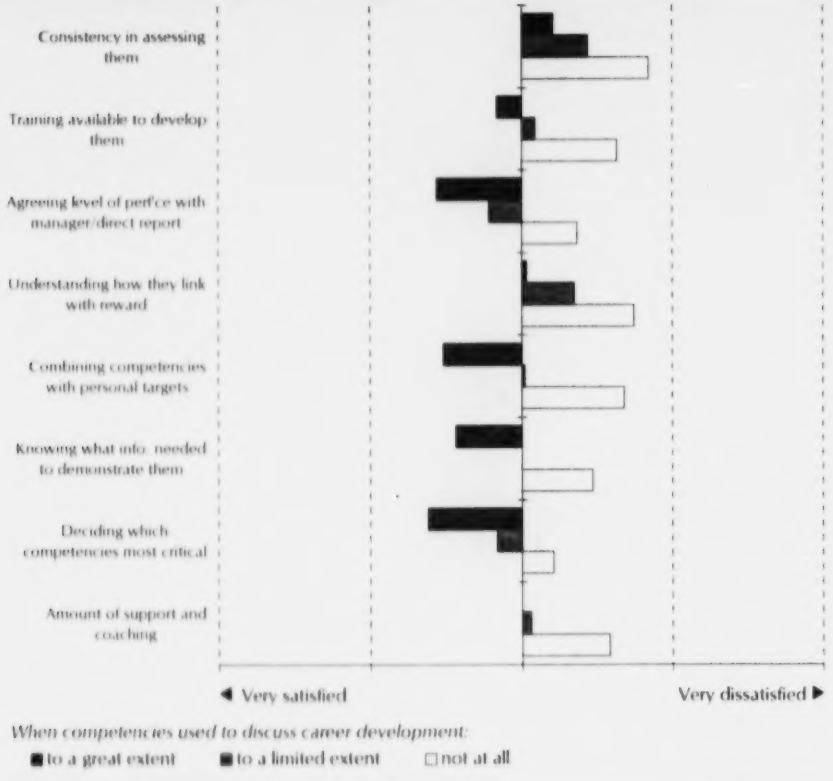
3.4 Impact of training

The amount of support and training given to users when introducing competencies was shown to improve significantly users' satisfaction with the relevance of competencies (see 2.3.2). As one respondent commented:

> *'In general competencies appear to have clear and measurable benefits, however their success can only be ensured by commitment to their use at a senior level, adequate training in their use and ongoing support in their application.'*

These comments point to the fact that training may contribute to users' satisfaction with the use of competencies to enhance their careers and the way they are put into practice.

Figure 3.4 : Users' satisfaction with putting competencies into practice when used to discuss career development


Consistency in assessing them
Training available to develop them
Agreeing level of perf'ce with manager/direct report
Understanding how they link with reward
Combining competencies with personal targets
Knowing what info. needed to demonstrate them
Deciding which competencies most critical
Amount of support and coaching
◄ Very satisfied
Very dissatisfied ►
When competencies used to discuss career development:
■ to a great extent
■ to a limited extent
□ not at all

Source: IES Survey, 1997

3.4.1 Does training improve perception of career enhancement?

We revisited respondents' attitudes to career enhancement (see 3.1.2) and explored whether having been trained would influence users' perception of whether competencies will enhance their careers. Appendix 2 Figure 3.1 shows that respondents who have been trained 'to a great extent' are more inclined to believe that competencies will enhance their career prospects. For instance, the organisation which was reintroducing competencies (see Table 2.1) had found it beneficial to run development workshops before launching its new framework. These familiarised

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managers with the new competencies and highlighted ways that managers could use them for self development.

3.4.2 Does training improve satisfaction with putting competencies into practice?

The amount of training that users have received when competencies were introduced not only improved the respondents' satisfaction with the relevance of competencies (see 2.3.2) but has a significant impact in improving respondents' satisfaction with putting competencies into practice, as shown in Appendix 2 Figure 3.2. One organisation had run seminars to explain how competencies were developed, how they were intended to be used, and in which situations they could be demonstrated. Without being too lengthy, a 'step by step' guide can support this training. For instance, an organisation asking its line managers to develop a competency job profile highlighted the pitfalls in doing this. It gave examples of extremes (*eg* to avoid extreme differences in level between different competencies), unrealistic (*eg* to avoid demands beyond the job requirements), impossible (*eg* to take into account constraints outside the job itself), and of the need to separate the job requirements from the person doing the job.

3.5 Getting the best out of using competencies

This section has examined the purposes for which competencies are used by the case study organisations, and established the impact that these purposes have on users' satisfaction. Many employers introducing competencies are faced with the challenge of deciding for which purpose they are in practice best used. Whilst the debate has been mainly about outcomes, *ie* whether to use them for development or reward, much can be learned from the implementation of competencies and their use to manage performance. So what practices add value to the use of competencies?

- Most respondents have experienced the use of competencies to discuss and rate their job performance and identify their training needs. Competencies were less frequently used to define job requirements and determine salary and pay increases. There are however, discrepancies between what organisations say they use competencies for, and what users say they have experienced.

- Satisfaction with the use of competencies is determined by the extent to which respondents believe they will enhance their career prospects. Although respondents believe that competencies will help them develop the future skills needed by their organisations, they still think that visibility is more important. Generic competencies have also not contributed to helping them understand what other people's jobs entail.
- Until organisations have addressed respondents' needs for clarity in how competencies link with job requirements, users are not likely to be satisfied with the approach. The use of competencies to define job requirements significantly contributes to users' belief that they will enhance their career prospects. In this context, competencies are perceived to be a fairer way of managing performance and have helped managers to clarify performance objectives.
- Given the complexity of putting competencies into practice, respondents are mostly neutral about the implementation of competencies. They are slightly satisfied about deciding which competencies are critical and agreeing the level of performance with their managers/direct reports, but mostly dissatisfied about understanding how they link with reward and the consistency in assessing them.
- The use of competencies to discuss career development significantly improves respondents' satisfaction with their implementation — in particular combining competencies with personal targets. Not using competencies for this purpose has a detrimental effect on users' satisfaction with implementation.
- The amount of training given when introducing competencies has a significant impact on users' belief that competencies will enhance their career, and on users' satisfaction with knowing what they are and what is needed to demonstrate them.

Clearly, benefits can be gained from using competencies. Successful use of competencies will depend on whether users understand how they fit in with their job requirements and believe competencies will enhance their career prospects. Implementation of competencies will serve to reinforce this belief, and the mechanisms put in place when introducing competencies, such as training, will contribute to users' satisfaction.

4. Assessing and Measuring Competencies

Assessing and measuring performance is generally recognised to be fraught with difficulties. Employers who have spent much time and money to ensure that competencies are used successfully may understandably anticipate that all their efforts will be mirrored by an improved assessment of job performance. We may expect, for example, that a common language which articulates the behaviours required, will help managers and their direct reports assess and measure job performance more accurately. However, is this merely an 'act of faith'? So far we have little evidence about the ability of line managers and direct reports to assess individual performance of competencies. This section covers the following:

- What are the methods used by the case study organisations?
- How are competencies integrated into the assessment process, and do users believe that competencies can be assessed properly?
- Which competencies do users find easy to assess and develop, and which do they find difficult?
- How is performance of individual competencies measured, and are users satisfied that competencies can be measured objectively and fairly?
- What are the practices which add the most value to the assessment and measurement of competencies?

4.1 Assessment methods

We asked respondents to indicate which assessment methods were used by their organisations, and which they had most experience of (see Table 4.1). Since participants in this study were selected on the basis of their use of competencies in performance review, it comes as no surprise to find that

Table 4.1 : Methods used to assess competency performance by the case study organisations

	Yes		No	
Methods	**N**	**%**	**N**	**%**
Performance review	181	99	2	1
Development workshops	66	36	117	64
Assessment centre	96	53	87	47
Designated projects	33	18	150	82
Self assessment	103	56	80	44
Training courses completed	68	37	115	63
Portfolio	8	4	175	96
360 degree feedback	36	20	147	80

Source: IES Survey, 1997

performance review is used by all employers in our survey. Organisational use of competencies in the context of the performance review may vary (from being mainly used as indicators of performance, to being included in performance measurement). Moreover, since the performance review is also the vehicle for deciding outcomes, we explore these issues more fully in the next section (see Chapter 5).

Self assessment and assessment centres are the next two most widely used methods by the employers in our survey to assess competency performance, although the performance review was the assessment method with which respondents had had the most experience. Much has been written about the process of performance appraisal, and organisations are well aware of the pitfalls. But have competencies helped or hindered the assessment process?

4.2 The assessment process

Integrating competencies into the assessment process involves two critical steps. Direct reports and managers have to assess each competency and agree a current level of competency performance, given the requirements of the job. Secondly, the assessment of competency performance needs somehow to be incorporated into the assessment of the whole job performance during the performance review process.

4.2.1 Initial assessment

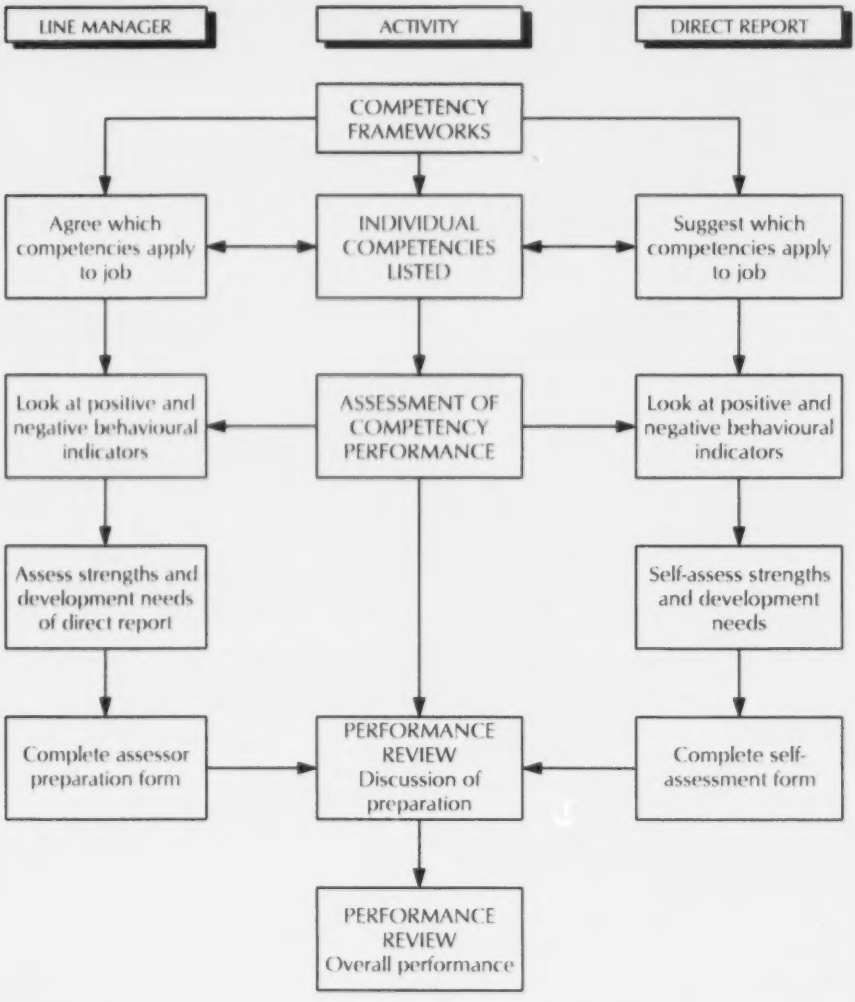
Users' first impressions of the process by which competencies are integrated into performance assessment, as well as of the competency framework, are likely to influence their motivation. Moreover, users often encounter competencies at the same time as they have to put them into practice (see Chapter 3). This initial assessment is therefore crucial, since it sets the tone for subsequent assessment.

As most of the case study organisations in the survey had been using competencies for some time, we turned to the experience of the other organisations who had not been successful in implementing competencies (see Table 2.1). The complexity of this process is aptly illustrated by one of the HR staff interviewed who described how competencies were put into practice:

> *'Staff looked at their performance against targets, then decided which competencies were relevant to their job using the job description and person specification, then they identified areas where they needed development and areas where they felt they were already competent. After this self assessment they met with their managers in a joint session in which they debated and compromised. When a development need was identified, they cross referenced it with another folder menu of learning opportunities and considered other known sources of training to develop a personal development plan.'*

It is obvious that this process relies on goodwill from both managers and direct reports. It is unlikely that staff who are suspicious about the business purpose and job fit of competencies will be well disposed towards this process (see Chapter 2). More to the point, the benefits of competencies have to be sold to line managers who may not perceive any advantage in making the effort. Managers, in an organisation which had tried to implement a modified version of the MCI competencies slimmed down to 22 competencies, thought that the process was too complicated and academic. They saw little gain in spending the time to assess managers who had been around for some time and whose strengths and weaknesses they thought they already knew. Similarly, the new process was not likely to encourage the most recalcitrant managers to improve the way they assessed, or not as the case may be, the performance of their direct reports.

Figure 4.1 : A simple system for competency assessment in the context of the performance review


LINE MANAGER
ACTIVITY
DIRECT REPORT
COMPETENCY FRAMEWORKS
Agree which competencies apply to job
INDIVIDUAL COMPETENCIES LISTED
Suggest which competencies apply to job
Look at positive and negative behavioural indicators
ASSESSMENT OF COMPETENCY PERFORMANCE
Look at positive and negative behavioural indicators
Assess strengths and development needs of direct report
Self-assess strengths and development needs
Complete assessor preparation form
PERFORMANCE REVIEW Discussion of preparation
Complete self-assessment form
PERFORMANCE REVIEW Overall performance

Source: IES, 1997

The fact that on the whole users in the survey did not find that competency-based assessment was too time consuming to be successful in practice, suggests that with experience the process may become easier to apply, or that these organisations had been more successful in implementing their approaches. We suspect both of these aspects may apply. However, as competencies change and new staff need to become accustomed to the approach, this initial assessment stage should not be overlooked.

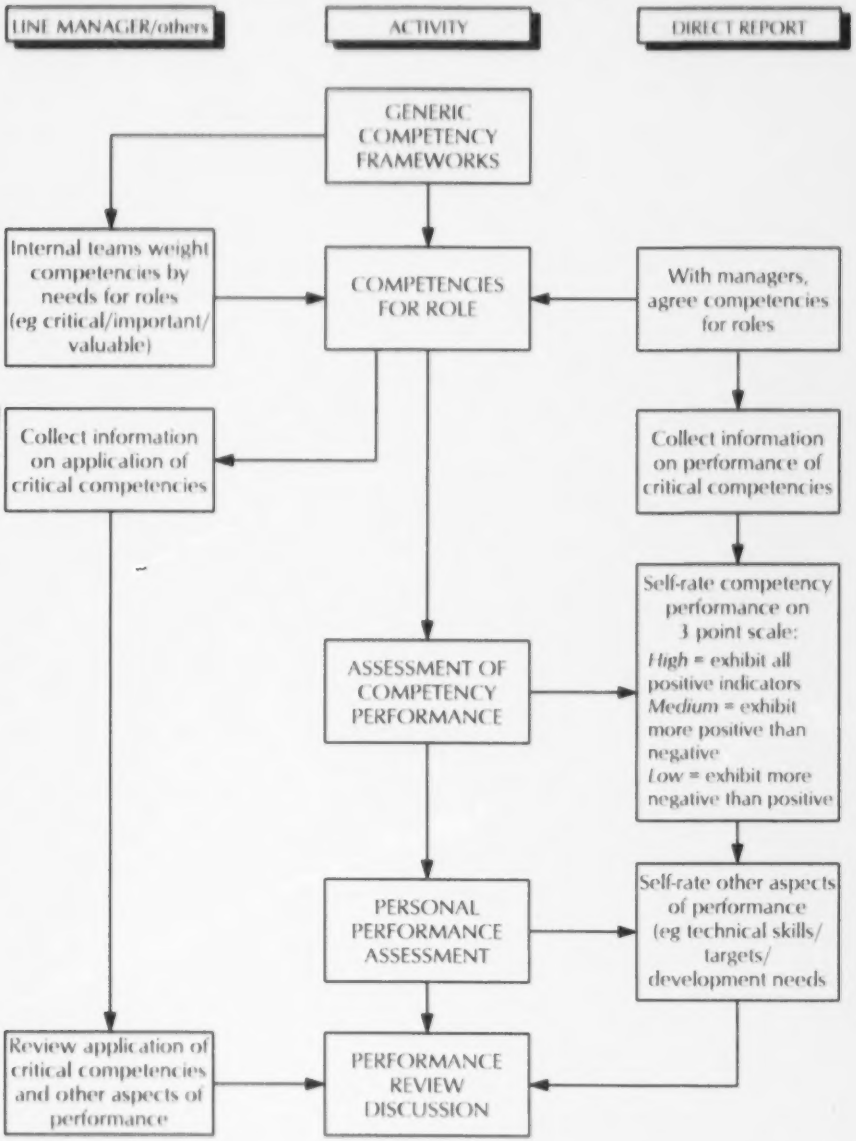
Whilst agreeing the current level of competency performance is a requirement for implementing competencies, undue weight should not be given to the initial assessment stage as it is retrospective. It is best to use this initial stage to develop competency objectives for the next round of performance review. We could see little evidence of the initial assessment stage and the issues surrounding it being highlighted in the guidelines provided.

4.2.2 Assessment of competencies

Users in the survey do not appear particularly dissatisfied with agreeing their level of performance with their managers or direct reports, and knowing what information is needed to demonstrate competencies (see Chapter 3). As shown by the example of the initial assessment, a certain amount of debate and compromise occurred before an agreement could be reached. Research about the accuracy of self assessment of competencies is scarce. However, self-appraisals have been shown to be more lenient than judgements from other sources, but are thought to provide a good source of information for the level of motivation of an appraisee (Landy and Farr, 1987). In the context of competencies, previous IES research suggests that self assessment can go either way. For example, some managers alluded to the fact that individuals can hold 'inflated' or 'deflated' views of their competency performance (Strebler and Bevan, 1996). Whether an agreement can be reached at all, of course depends on the descriptions provided for each competency.

Respondents were the least satisfied with the clarity of the behavioural indicators provided by the organisations in the survey. Figure 4.1 shows the simplest system adopted by one of the case study organisations to integrate the competency framework and associated behavioural indicators into the assessment process.

Figure 4.2 : A weighted system for competency assessment in the context of the performance review


LINE MANAGER/others
ACTIVITY
DIRECT REPORT
GENERIC COMPETENCY FRAMEWORKS
Internal teams weight competencies by needs for roles (eg critical/important/ valuable)
COMPETENCIES FOR ROLE
With managers, agree competencies for roles
Collect information on application of critical competencies
Collect information on performance of critical competencies
Self-rate competency performance on 3 point scale:
High = exhibit all positive indicators
Medium = exhibit more positive than negative
Low = exhibit more negative than positive
ASSESSMENT OF COMPETENCY PERFORMANCE
PERSONAL PERFORMANCE ASSESSMENT
Self-rate other aspects of performance (eg technical skills/ targets/ development needs
Review application of critical competencies and other aspects of performance
PERFORMANCE REVIEW DISCUSSION

Source: IES, 1997

Here users are presented with a series of behavioural statements associated with positive and negative behaviours for each competency. Both line managers and direct reports are asked to assess strengths and development needs before the performance review. As one respondent illustrated however, this process did not seem to be applied in the way it was intended: *'all competencies are used but in practice analysis carries the most weight'*. It seems that in order to manage the assessment process, users implicitly weighted competencies, in this case one out of twelve. However, it may have been more beneficial, as another respondent from the same organisation suggested: *'to explicitly weight the competencies either by numbering them or dividing them into primary and secondary level'*.

4.2.3 Weighting competencies

On the whole users in the survey were fairly satisfied that they could decide which competencies are critical. Weighting of competencies may be necessary to reflect different roles (*eg* managerial and specialists) when using a core competency framework, and/or to reflect development needs (*eg* trainee vs expert in the role). Figure 4.2 provides an example of the approach taken by one organisation to weight competencies for specialist staff. This organisation had used internal teams to decide which competencies were critical, important or valuable for the different job roles (*eg* project manager). Direct reports were then required to assess their own performance of the critical competencies. As one respondent illustrates, this system was still perceived to lack some job relatedness:

> *'the competencies that are assessed are very general, the number of different roles is vast and in my role these competencies can be irrelevant and very hard to mark yourself against — competencies should be more job specific'*

4.2.4 Linking competencies to job levels

In order to make accurate self assessments, users need to be aware of how competencies match their job requirements. However, the pattern of use of competencies highlighted by our survey indicates that competencies are less likely to be used to define job requirements in the case study organisations, than for other uses such as discussing job performance (see Chapter 3). So users may not necessarily possess the job information they

need to make an accurate self assessment. Figure 4.3 highlights the system that was adopted by one of the case study organisations to use competencies to define job requirements. In this system, line managers are asked to look at specific jobs in the context of accountabilities and decide which competencies are relevant to the job, and which level of competency performance is required of someone performing the job competently. After this first stage, they draw an individual profile to match current individual performance with that required for the job. This approach is obviously quite complex and requires much initial training and input from line managers. Some of the comments reflected that this approach may have been successful for generalists rather than for the more functional roles.

In order to understand the potential impact that the assessment process may have on satisfaction with competencies, we explored employees' overall attitudes towards the assessment of competencies.

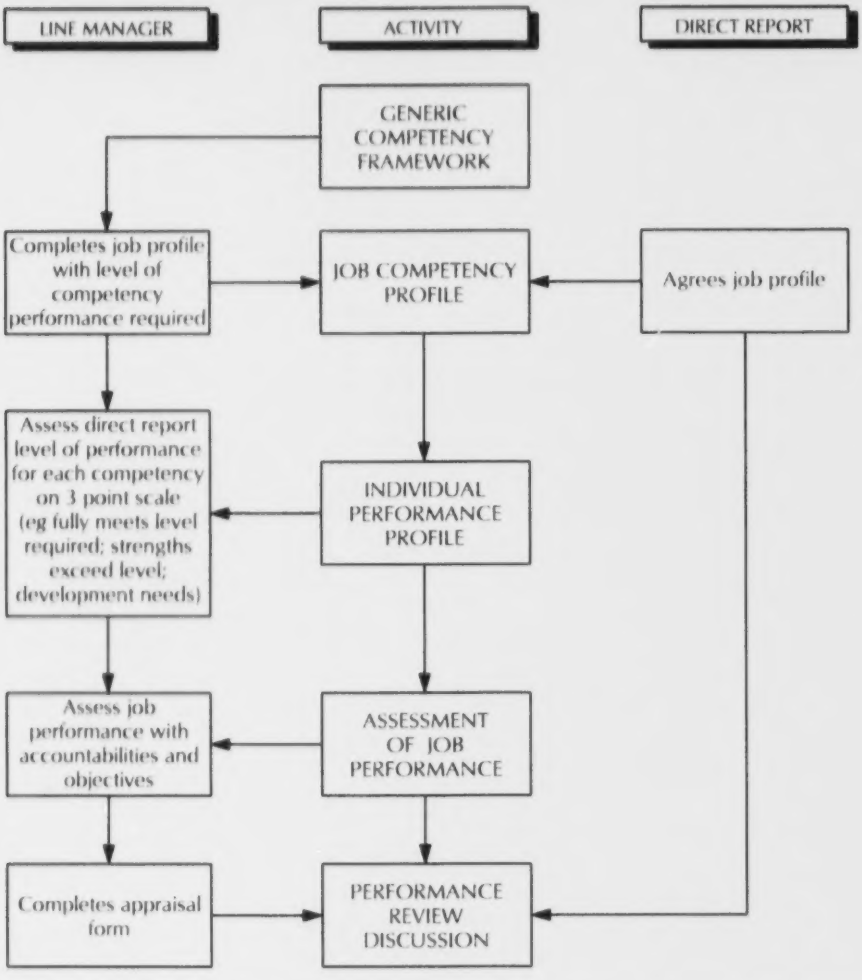
4.3 Users' satisfaction with competency assessment

A number of attitudinal statements drawn from our preliminary discussions with managers were used to gauge the extent of users' satisfaction or dissatisfaction with competency assessment. Managers' responses were clustered around statements relating to whether they believe that competencies can be assessed properly.

4.3.1 Do users believe that competencies can be assessed properly?

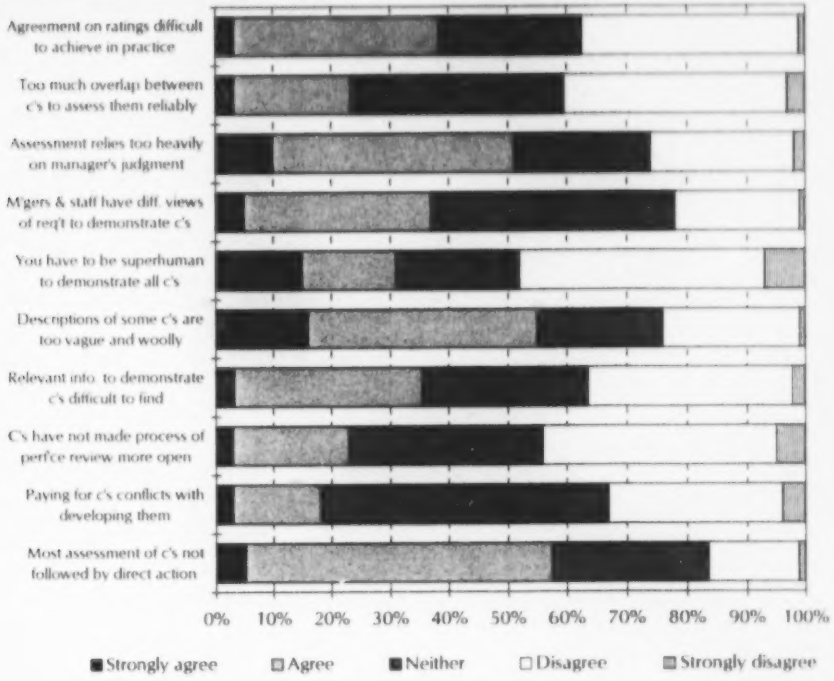
On the whole, respondents appear neither to believe nor to disbelieve that competencies can be assessed properly as demonstrated by Figure 4.4. Nonetheless, a certain amount of disbelief is apparent for the aspects which are directly related to the types of competency used. For example, respondents tend to agree that the 'descriptions of some competencies are too vague and too woolly'. This suggests the need to explore the competencies used by organisations in more detail (see 4.4). Respondents also tend to agree with statements which appear more related to the assessment process, such as: 'assessment of competencies relies too heavily on managers' judgements' and: 'managers and staff have a different view of what is required to demonstrate competencies'.

Figure 4.3 : A job profile and individual profile system for competency assessment in the context of the performance review


LINE MANAGER
ACTIVITY
DIRECT REPORT
GENERIC COMPETENCY FRAMEWORK
Completes job profile with level of competency performance required
JOB COMPETENCY PROFILE
Agrees job profile
Assess direct report level of performance for each competency on 3 point scale (eg fully meets level required; strengths exceed level; development needs)
INDIVIDUAL PERFORMANCE PROFILE
Assess job performance with accountabilities and objectives
ASSESSMENT OF JOB PERFORMANCE
Completes appraisal form
PERFORMANCE REVIEW DISCUSSION

Source: IES, 1997

Figure 4.4 : Users' belief that competencies can be assessed properly


Agreement on ratings difficult to achieve in practice
Too much overlap between c's to assess them reliably
Assessment relies too heavily on manager's judgment
M'gers & staff have diff. views of req't to demonstrate c's
You have to be superhuman to demonstrate all c's
Descriptions of some c's are too vague and woolly
Relevant info. to demonstrate c's difficult to find
C's have not made process of perf'ce review more open
Paying for c's conflicts with developing them
Most assessment of c's not followed by direct action
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Strongly agree
Agree
Neither
Disagree
Strongly disagree

Source: IES Survey, 1997

4.3.2 Does the assessment method influence users' satisfaction?

Although different methods are used by the case study organisations, in practice respondents have mostly experienced performance reviews, so we would not expect to find any differences in users' belief that competencies can be assessed properly overall. The fact that respondents disagreed slightly more with the statement that 'assessment of competencies relies too heavily on managers' judgements' when their organisations were using self assessment and assessment centres, warrants further investigation. Although we may intuitively expect this, it may indicate that multiple sources of assessment may have an impact on users' satisfaction with the assessment process (see 4.5.3 and 4.5.4).

4.3.3 The impact of the use of competencies to define job requirements

Given that respondents tended to agree with the statements that 'you have to be superhuman to demonstrate all the competencies' and that 'assessment is not followed by direct action', it may be fruitful to examine the impact that the use of competencies may have on the belief that they can be assessed properly. Appendix 2 Table 4.1 presents the overall attitudes of respondents according to the purpose for which competencies are used. Again we find that the use of competencies to define job requirements significantly improves users' belief that competencies can be assessed properly. As shown in Appendix 2 Figure 4.1, respondents believe that 'competencies have made the process of performance review more open' and that 'there is not too much overlap between competencies to assess them reliably'. They also tend to believe that an 'agreement on competency ratings is not difficult to achieve in practice' and that 'developing competencies does not conflict with rewarding them'. This latter finding contradicts IES previous study when line managers had remarked that paying for competencies would have an impact on employees' willingness to self disclose weaknesses (Strebler and Bevan, 1996). This finding is further discussed in the next chapter.

The use of competencies to determine pay and salary increases does not have a statistically significant impact on users' satisfaction overall. However, those respondents for whom competencies are used for this purpose to a large extent, disagreed the most that 'you have to be superhuman to demonstrate all the competencies', that 'relevant information to demonstrate competencies is difficult to find' and that an 'agreement on ratings is difficult to achieve in practice'.

These findings appear counter-intuitive. We may expect that, since pay is very important and gives rise to inequities, respondents may be more dissatisfied with the way their competency performance is rated. On the other hand, it may indicate that the fact that competencies are used to determine salary and pay increases to a large extent, focuses line managers and direct reports on the needs to be clearer about the ways these are going to be demonstrated. However, as competency assessment may only be a part of the overall assessment, it will be interesting to revisit these findings in the context of the overall performance assessment (see Chapter 5).

4.3.4 The impact of training when introducing competencies

We discussed earlier that training in the use of competencies was the best predictor of satisfaction with competencies when they are introduced and used (see Chapters 2 and 3). Appendix 2 Figure 4.2 demonstrates quite clearly that the amount of training given has a carry-over effect as it significantly impacts on users' belief that competencies can be assessed properly. The pitfalls when this is handled badly are only too apparent, as one respondent pointedly remarked:

> *'Competency-based interviewing and performance management processes have been introduced with training provided only on the latter. However, no information regarding the competency definitions themselves was provided and a level of disagreement now exists between individuals as to what constitutes evidence. Collection of evidence tends to be left to individuals, while managers do little to collect evidence about their own staff. This leads to extensive disagreement at interviews because of a 'prove it' attitude that has now arisen.'*

4.4 Assessing and developing competencies: a users' view

On the whole, respondents believe that the assessment of competencies relies too heavily on managers' judgements. There is much research evidence which shows that managers' biases influence their judgement of job performance (Landy and Farr, 1987; Carroll and Schneier, 1987). There is less evidence related to the use of competencies. We have commented elsewhere that employers, for obvious practical reasons, do not often conduct internal research to validate their procedures (Strebler, 1997). Moreover, users' perceptions of the process by which individual competencies are assessed are likely to influence their belief that these can be assessed properly. In the context of the performance review, competencies are used both to assess current performance and to identify training needs. To this end, we asked respondents to indicate which competencies they find easy to assess and develop, and which they find more difficult.

4.4.1 Which competencies are easy to assess and develop?

Since the case study organisations have developed their own competency frameworks, the competency headings cited are

Table 4.2 : Users' view: Which competencies are the easiest to assess and develop*

Easy to assess	Easy to develop
• communication†	• technical skills†
• technical skills†	• planning and organising†
• planning and organising†	• communication†
• measurable outputs†	• knowledge†
• team work	• customer awareness†
• analytical skills	• measurable outputs

* In the order of the most frequently cited by respondents
† Mentioned by respondents across all the case study organisations

Source: IES Survey, 1997

likely to reflect those used by the organisations in the survey. As far as possible, we have kept the competency headings cited by respondents unless there was an obvious overlap. Table 4.2 shows that despite the different competency frameworks used, there seems to be a consistent pattern and level of agreement between respondents across the employers in the survey. The competencies that respondents perceive to be the easiest to assess and develop are those that can be observed (*eg* communication), tested (*eg* technical skills) and measured (*eg* measurable outputs). As one respondent argues about assessing and developing specialist competencies: *'the work is directly related to using them to produce deliverables. It is easier to identify training, and improvement can be continually demonstrated.'* Another respondent comments about 'communication': *'you can train and coach staff by giving examples of doing this correctly on the job'.*

4.4.2 Which competencies are hard to assess and develop?

Table 4.3 highlights a more complex pattern. Given that respondents indicated that the descriptions of some competencies are too vague, we may suspect that difficulties may be due to some of the competency definitions. Indeed, respondents' reasons for finding 'vision' hard to assess reflect this: *'never found anyone who knows what it is'.*

Other reasons may be that the consequences of not performing a competency, or performing it badly, are difficult to attribute, or

Table 4.3 : Users' view: Which competencies are the hardest to assess and develop? *

Hard to assess	Hard to develop
• vision†	• interpersonal skills†
• interpersonal skills†	• problem solving and decision making‡
• soft and behavioural competencies†	• soft and behavioural competencies†
• problem solving and decision making†	• leadership and motivation
• financial and commercial awareness	• vision
• analytical skills	• analytical skills

* In the order of the most frequently cited by respondents
† Mentioned mainly by respondents from one organisation
‡ Mentioned by respondents across all the case study organisations

Source: IES Survey, 1997

that results may be long-term rather than short-term. This is illustrated by one respondent for 'judgement and problem solving': *'it is difficult to measure on a day to day basis. Normally only bad experiences are remembered; all the good work is overshadowed'* and another for 'developing and supporting others': *'This is difficult to assess because the consequences of not doing so are not always apparent.'* It can also be that developing a competency depends on others, as shown by 'team working' which was a subset of interpersonal skills in one organisation: *'the use of competencies has created an environment of self preservation — team work is dependent on another person to achieve results — motivation to work together is lost!'*

However, interpersonal skills and soft and behavioural competencies were perceived to be the hardest to assess and develop across the case study organisations. Again, the comments of respondents point to different reasons. For example, the way soft competencies are expressed: *'sensitivity and flexibility are rather woolly and serve little purpose other than as a hook for criticisms which could be made more informally'*; their possible overlap: *'I cannot see how assertiveness differs from self confidence'*; or the fact that they are situational: *'individuals relate to others in different ways because of the context of the situation they are in.'*

Despite these difficulties, some respondents find some benefit in using soft competencies, as one line manager respondent points out: *'I find the competency approach to appraisal reviews helps greatly in reviewing emotive issues which can easily influence your*

reasoning when assessing an individual. It helps focus you to their true performance.'

On the other hand, some line managers and direct reports in the survey also believe that *'interpersonal skills are core to self and not separable for work, and that soft skills involve the changing of personal behaviour'*. As aptly demonstrated by one line manager in the survey, some respondents do not believe that the use of competencies in performance review will necessarily alter individual behaviour: *'To the extent some of the competencies relate to personal attributes and the staff were recruited before competencies were assessed at the recruitment stage, it can be very difficult to get staff to change or alter their spots!'*

These comments vividly illustrate that both direct reports and their managers have differing perceptions of competency performance. It is not clear, however, whether these different perceptions represent difficulties in assessing true performance; or whether they reflect different attributions of the causes of that performance. Discrepancies have been shown to vary substantially between competency areas for graduates (Arnold and Mackenzie Davey, 1992). Graduates tended to attribute their success to their competencies and managers to effort and luck. This was most marked for interpersonal skills. This suggests that some individuals may be better than their managers at discriminating between competencies, or that managers are better at seeing competency performance in the context of the whole job performance, *ie* look at outputs.

As organisations want to encourage empowerment, interpersonal skills have taken more prominence. Recruiting staff with these attributes, providing we can assess them properly, is obviously an option: one that an increasing number of employers are mindful of, particularly for graduate trainees. Flatter structures have brought not only the need for existing 'home grown' senior managers to become more people orientated as well as business orientated, but also the need to recruit senior managers primarily on the basis of their track record and not necessarily their interpersonal skills (Kettley and Strebler, 1997). Interpersonal empathy has been shown to be an area where most improvement is needed for a group of executives of a large multi-national company (Gratton and Pearson, 1994). Changing interpersonal skills is not likely to happen without some kind of intervention. This finding should be of concern to employers, given that the behavioural approach to competencies is often

introduced in order to facilitate the assessment and development of softer skills such as interpersonal skills.

4.5 Measuring competencies

The need to measure competencies comes to the fore when organisations have introduced competency-based performance management systems. Not surprisingly, more than half of the respondents in the survey reported that their organisations were using competencies to rate job performance.

Users in our survey reported the most dissatisfaction with the consistency of assessment and the clarity of the behavioural indicators, particularly if they had not been trained in the approach (see Chapter 2). Bearing in mind all the problems with assessing them, can we measure individual competencies accurately and consistently?

4.5.1 Rating individual competencies: behaviour anchored ratings

Describing what each competency means using behavioural indicators is a common feature of all the competency frameworks used by the case study organisations. These behavioural indicators serve as guidelines for line managers and direct reports to measure the level of performance of individual competencies. This rating process is operated with various degrees of openness. As we discussed earlier, the simple system presented in Figure 4.1 does not require users to explicitly rate individual competencies but to identify strengths and development needs. Nevertheless, the performance review form required direct reports and their managers to write comments on competency performance alongside each competency according to the competency framework used (*eg* analysis and/or managerial). In practice, users may have had to make between 24 and 42 implicit measurements of performance according to the individual competencies required. Not surprisingly, users were reported to make implicit rating of competency performance on the basis of one competency. The weighted system (see Figure 4.2) may remedy this problem to a certain extent by specifying which competencies are critical to the role, but the organisation where it is used combines this assessment with another rating of individual competency performance (see 4.5.2). More importantly, as both systems rely on only two dimensions

of performance (*eg* positive and negative indicators), measurements are made on the basis of whether the performance of individuals is either good or bad. Hence, there is no baseline establishing competent performance, and so there is no comparative level of performance against which to assess it.

There is a great deal of research available on the reliability and validity of rating scales (Landy and Farr, 1987). Although it is to some extent equivocal, evidence shows that to be effective the rating dimensions may be 'competency labels' (or traits) but the definitions and scale anchors need to be task and behaviour oriented. As shown by the comments discussed earlier, this may partly explain why some respondents were finding soft competencies hard to assess. Most of these competencies were not necessarily anchored with the tasks in which they needed to be demonstrated (see 4.4.2). For example, one of the behavioural indicators for 'self confidence' could be described as *'having belief in one's own ability'*. As respondents argued, the performance of soft competencies depends on the context of the situation. Unless line managers had agreed with their direct reports the types of behaviours expected and in which situations they needed to be demonstrated, they were unlikely to have made accurate judgements of self confidence.

In the third system (see Figure 4.3), this organisation had dealt with the problem by anchoring competency definitions using tasks, and providing four levels of competency performance according to the job requirements. For example, communication was divided into presenting a case, preparing a presentation, and influencing and four behavioural anchors were attached to each of these. This approach needed much input from line managers who had to complete a job profile making possibly some 50 explicit behaviourally anchored ratings and averaging these to arrive at 12 competency levels for each job profile. They then had to complete individual profiles, requiring them to rate between eight levels of individual performance for each of the 12 core competencies, before they assessed overall job performance.

4.5.2 Rating overall competency performance: graphical scales

Graphical rating scales (*eg* exceeds targets, meets targets, *etc.*) are more traditionally used to assess overall job performance. Research has shown that the most efficient number of response

categories is between five and nine, and reliability drops with three categories or less and with 11 categories or more. As most of the organisations in the study were using between four and six categories, it would appear that for their overall rating of job performance at least, some of the case study organisations were using an efficient number of response categories for their graphical scales. Nonetheless, the use of competencies to measure job performance adds another level of complexity. The systems for measuring competencies described earlier were asking users to make an overall rating of competency performance. In the weighted system (see Figure 4.2), the onus was on direct reports to operate a very complex system indeed! First, they were required to combine behavioural indicators to award themselves a rating for each individual competency (from high, medium and low). Second, they had to rate their perceived performance of other technical skills, achieved targets and development needs. Third, they had to integrate these ratings into an overall personal competency performance. In all, this rating process may have required them to make some 80 explicit ratings of competency performance alone. No wonder some direct reports were finding the process time consuming, as evidenced by the following comment: *'insufficient time is allowed for the analysis and review of competencies — it is normal for this to be carried out during one's personal time rather than during work.'*

4.5.3 Assessment centres

Research also shows that most of the variance in ratings is due to the ability of raters to process information, and that raters should be asked to make their expectations and judgements of performance explicit to themselves and to their ratees (Carroll and Schneier, 1987). In practice, line managers and direct reports are being asked to process much complex information, and it is not surprising that respondents feel that performance assessment relies too heavily on managers' judgements. So how can behaviours contribute to the assessment and measurement of individual competencies?

We have a number of assessment methods that are generally recognised to provide 'objective and standardised measures of behaviours' which can be used to assess competencies more objectively (Smith and Robertson, 1992). Whilst it is not always practicable for organisations to use these methods for all their competency assessment, there is much that can be learned from

the use of behavioural competencies in assessment centres, which are recognised to be one of the most valid assessment methods.

We know, for example, that a limited number of competencies (six or seven) is recommended for selection purposes as these represent the key components of the job and are the optimum number that assessors can manage in practice (Bethell-Fox, 1992). The employers in our survey were using about twice as many to assess job performance. Of course, appraising performance is widely different — but is it? Some managers are being asked to make judgements of performance for many competencies for staff with whom they may not have day to day contact. No wonder they rely on deliverables, or implicitly weight competencies as we described earlier.

For recruitment and development, competencies are used to design assessment exercises which will assess relevant aspects of performance (*eg* in-tray exercises, group discussions) and are supported by behavioural ratings or checklists to assess level of performance. There is a risk that competency frameworks derived internally may be unclear, and that assessors may find it difficult to decide which particular competency should be credited with which particular item of behaviour (Woodruffe, 1992). Users in our survey did not find that the overlap between competencies prevented them from making reliable judgements of individual competencies, but they were least satisfied with the clarity of behavioural indicators. This would suggest that whilst they can identify individual competencies, they are less clear about measuring them. We have hinted earlier as to why this may be so (see 4.2).

More importantly, assessors are better at assessing the level of performance on an exercise as a whole, rather than on the basis of individual competencies (Robertson, Gratton and Sharpley, 1987). If highly trained assessors are not able to assess individual competencies in the structured environment of the assessment centre, then we may be setting line managers an impossible task. We may not be surprised if they find assessing individual competencies in the context of the performance review difficult to achieve in practice. They may gain from using special projects which are closer in kind to exercises in assessment centres (*eg* finding ways to save response times for customer calls, analysing demands in the market for a new product, presenting results to senior managers, *etc.*). However, only 33 per cent of respondents said their organisations were using designated projects to assess

competencies. Special projects may not necessarily need to be formalised. Rather, line managers and their direct reports can discuss ideas for developing a competency, explore work situations in which it will be demonstrated and agree the outcomes upon which improved performance will be measured.

4.5.4 Multi-rater feedback

Given that the measurement of competency performance is so reliant on individual line managers, it may be useful to consider such other sources of ratings as multi-rater feedback. Research shows that peer assessment can be reliable and valid, but that the purpose of assessment is the major factor influencing usefulness and acceptance (Landy and Farr, 1987). This suggests that it may be more acceptable when competencies are linked to development rather than to performance management and reward.

IES recent research on personal feedback indicated that multi-rater feedback is widely used in the USA but that in the UK, it is a relatively new arrival (Kettley, 1997). Multi-source feedback is the process by which individuals receive personal feedback from more than one source (*eg* subordinates, peers, line manager). The process by which ratings are sought from the full circle of viewpoints (*eg* including grandparent, internal clients and external customers) is usually known as 360 degree feedback. Not surprisingly, a small number of respondents in our survey reported that their organisations were using 360 degree feedback, but some organisations, during the preliminary interviews, indicated that they will be using this in the future. Given the difficulty in assessing and developing softer skills reported by respondents in our survey, it is interesting to note that, in the study of personal feedback, multi-source feedback schemes were found to be especially suited to measuring behaviours related to leadership and interpersonal relations. Similarly, a competency framework was thought to provide a useful tool for developing multi-rater feedback. Six of the eight case study organisations examined by this research were using structured personal feedback instruments, and five had developed these instruments on the basis of their competency frameworks. However, this previous research showed, as does our current study, that more information and examples of what a competency means, and how to recognise it, should be provided.

The use of portfolios (*eg* the collection by individuals of evidence to demonstrate competency) is more associated with the

management standards and only one of the organisations in the survey was using this approach. We suggested elsewhere that the management standards approach, which has a more structured requirement for collecting evidence and provides guidelines and training for assessors, may improve the consistency of competency assessment (Strebler and Bevan, 1996). However, some research evidence suggests that the personal competence model associated with the standards approach may be similarly difficult to assess with consistency in practice (Pedreschi *et al.*, 1994; Strebler, Thompson and Heron, 1997).

4.6 Users' satisfaction with competency measurement

A number of attitudinal statements drawn from our preliminary discussions with managers were used to gauge the extent of users' satisfaction or dissatisfaction with competency measurement. Managers' responses were clustered around statements relating to whether they believe competencies can be measured fairly and objectively.

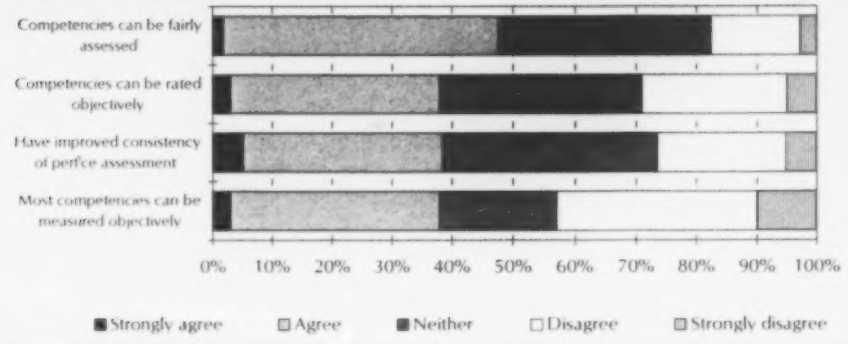
4.6.1 Do users believe competencies can be measured objectively and fairly?

Figure 4.5 presents respondents' overall attitudes towards the objectivity and fairness of competencies. The pattern of responses seems to suggest that competencies have an impact on respondents' belief that the process by which they are measured is more consistent and fair than the traditional process of performance appraisal. Given the issues we highlighted about measuring competencies, it is not surprising to find that respondents do not believe that the end result is more objective.

4.6.2 The impact of using competencies to define job requirements

Appendix 2 Table 4.2 indicates again that the use of competencies to define job requirements has a significant impact on the belief that competencies can be measured objectively and fairly. Users tend to believe that competencies can be fairly assessed and rated objectively. Competencies are also perceived to improve the consistency of assessment. Although users are still fairly neutral, using competencies to define job requirements has the most impact on their belief that most competencies can be measured objectively.

Figure 4.5: Users' attitudes towards the objectivity and fairness of competency ratings



Source: IES Survey, 1997

4.6.3 The impact of training when introducing competencies

We found that training 'to a great extent' when introducing competencies had a significant impact on respondents' belief that competencies can be assessed properly (see 4.3.4). Appendix 2 Table 4.3 again demonstrates that training has a significant impact on users' belief that competencies can be measured objectively and fairly. It is noteworthy that the greatest shift has occurred in the belief that most competencies can be measured objectively. This appears to be supported by research evidence which shows that rater training which combines various aspects such as rating errors, provision of examples of expert raters, and behavioural observation training, can increase rating accuracy (Woehr and Huffcutt, 1994).

4.7 Getting the best out of assessing and measuring competencies

This section has reviewed the competency assessment process, and matched this process with users' belief that competencies can be assessed properly and measured with objectivity and fairness. Assessing job performance has always been fraught with difficulties. Given that competencies articulate performance in terms of the behaviours required, have they contributed in helping line managers and direct reports make better assessment of performance? In other words, do they add value to the assessment and measurement process?

- An initial assessment and agreement of competency performance is needed when implementing competencies or for requirements on new projects. This initial assessment stage should be given more attention by employers. It is likely to be time-consuming and its effectiveness will impact on subsequent assessment of competencies.
- The systems used by some of the case study organisations to assess competency performance vary along several important dimensions. These include the extent to which competencies are weighted, whether self assessment is used, and whether competencies are linked to the level of job performance required. All require much judgement from line managers and direct reports. Employers should ensure that line managers and their direct reports are encouraged to discuss ways in which competency performance can be improved, and agree the outcomes upon which improvements will be measured.
- Managers' responses were clustered around statements relating to whether they believe that competencies can be assessed properly. On the whole, respondents neither believe nor disbelieve that competencies can be assessed properly. Nonetheless, they tend to agree that the assessment of competencies relies too heavily on managers' judgements and that managers and staff have a different view of what is required to demonstrate competencies. Employers may consider the use of multi-rater feedback to be of benefit in bringing the views of other stakeholders into the assessment process.
- The use of competencies to define job requirements, and the amount of training received to use competencies, significantly improve users' belief that competencies can be assessed properly. In particular, respondents believe that competencies have made the process of performance review more open.
- Users report competencies which are observable (*eg* communication), which can be tested (*eg* technical skills) and measured (*eg* outputs) are the easiest to assess and develop. By contrast, users find interpersonal skills and soft and behavioural competencies to be the hardest to assess and develop.
- Since competencies have been introduced to facilitate the assessment and development of softer skills, employers should be mindful of the reasons given as to why this is not so in practice. Respondents find these competencies difficult because of the way they are expressed, overlap with others, need to be adapted to the situation, and believe that behaviours are difficult to change.

- The rating systems used by some of the case study organisations to measure competency performance make much demand on the ability and willingness of users. Different ratings systems (*eg* behaviour anchored ratings and graphical scales) need to be combined and users may be asked to produce up to a hundred rating judgements before they arrive at an overall competency assessment. Employers should be aware that research has shown that reliability of performance ratings drops when raters are asked to use eleven categories or more.
- Managers' responses were clustered around statements relating to whether they believe that competencies can be measured objectively and fairly. Whilst users in the survey believe the process by which competencies are measured is more consistent and fair, they do not believe that the competency measures which result from this process are necessarily more objective.
- Again the use of competencies to define job requirements and the amount of training received has a significant impact on users' belief that competencies can be measured objectively and fairly. In particular, competencies are perceived to improve the consistency of assessment and the greatest shift has occurred in the belief that most competencies can be measured objectively.

Although competencies have made the process of performance review more open, it seems that they have been less successful in helping users assess the softer aspects of performance. They appear however, to have focused the assessment process. Bearing in mind the complexity of some of the systems used by the case study organisations, it is nevertheless encouraging that users who have been trained in understanding them, and for whom competencies have been used to define job requirements, believe that they can be assessed properly and measured objectively and fairly.

5. Linking Competencies to Pay and Training Outcomes

Using competencies in the context of the performance review means that in practice competency performance will be linked, either directly or indirectly, to some outcomes. Whether employees will perceive the outcomes to be objective and fair will depend on the way competencies have been integrated into the performance review process and the extent to which they are confident they can use them. So do competencies contribute to the performance review process? This section covers:

- How are the case study organisations using competency performance in the context of performance reviews?
- How are competencies integrated into the assessment of overall job performance?
- How confident are users in their assessment and development of competencies?
- What are the outcomes of the performance review and how do respondents perceive the link to pay and training?

5.1 Approaches to competency-based performance review

The review of the rating systems adopted by some of the case study organisations to assess and measure competency performance has revealed that these can make a heavy demand on the ability and willingness of users to carry it out effectively. However, this is only a first stage, as the assessment of competencies has to be integrated into the performance review. How are competencies combined into the overall assessment of job performance by the case study organisations? We have reviewed three systems used by some of the case study organisations to assess and measure competency performance (see Chapter 4).

The structure, openness and complexity of the competency-based performance review systems appear to mirror the systems used for competency assessment.

5.1.1 Performance review using the simple system to assess competencies

The case study organisation using a simple system to assess competency performance discussed previously (see Figure 4.1 and 4.2.2) combines this with an assessment of achieved objectives. There is no rating of the assessment of competency and of the achievement of objectives. Employees are told these assessments carry equal weight. Self assessment and line managers' assessment are discussed and agreed during the performance review. A second assessor performs a quality check and employees are informed that the overall performance assessment is a key input, considered with a number of factors, to determine pay and rewards. Although competencies are used, we reported earlier that in practice the assessment of objectives carries the most weight (see 4.2.2).

5.1.2 Performance review using the weighted system to assess competencies

We outlined the weighted system for competency assessment used by one of the case studies to ensure the competencies assessed are critical to the role (see Figure 4.2 and section 4.2.3). We alluded to the fact that the competency assessment part of the performance review is complex and makes much demand on self assessment by direct reports. This is further enhanced by the other ratings that job holders have to perform for the performance review (*eg* ratings of own performance of specialist skills for the role, ratings of achievement of objectives and development needs, and overall rating of performance). As these self ratings are only considered during the performance review discussion, it can be argued that this competency-based performance review process allows much scope for disagreements on the basis of rating technicalities which may in practice divert attention away from assessing true performance. As one respondent remarks: *'the score is seen as the most important as it affects pay and self esteem'*. It is likely to demotivate direct reports who have been asked to put much effort and time into the assessment of their own performance (see 4.2.3). Moreover, this overall performance assessment, assuming it is agreed, often

has to be combined with other assessments of performance on specific projects. Employees are told that all these assessments are a primary input to the pay and bonus process but not directly linked, although if the performance rating is significantly below expectations no increase or bonus is awarded. It is debatable whether any disagreements can be resolved satisfactorily by the validation of a second manager to sign off the process.

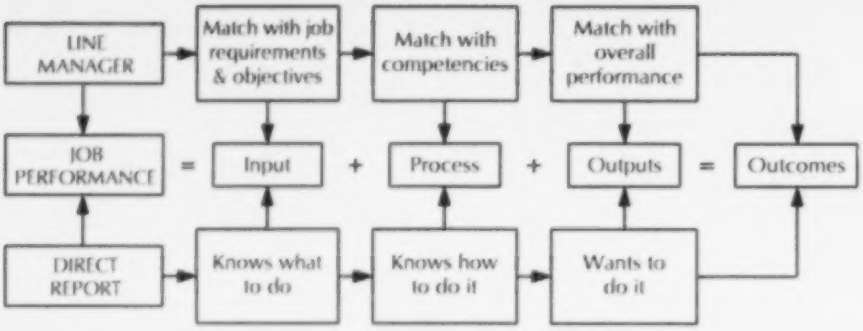
5.1.3 Performance review using the job level system to assess competencies

By contrast, the third system, where competencies are linked to job levels, requires much input from line managers, and consultation with direct reports is recommended but left to the discretion of line managers (as depicted in Figure 4.3 and discussed in 4.2.4). Whilst the competency assessment part of the performance review is fairly complex, the remainder of the performance review process involves a set of fairly simple activities. Nonetheless, line managers are again having to combine different ratings systems (*eg* ratings of achieved objectives on a four-point scale and competency ratings on an eight-point scale) to arrive at an overall assessment of job performance (*eg* six-point scale). The overall assessment is not currently linked to pay, and employees are told that the focus of this system is to encourage the development of skills, self awareness, and to help target training and development needs. It is arguable whether the recipients of the review (*eg* direct reports) who may not have been involved in the process will feel free to discuss training needs and career aspirations. The success of the performance review discussion seems to make a heavy demand on the ability and motivation of the line managers to manage it well.

5.2 Integrating competencies into job performance: the process

Our work with organisations sometimes highlights undue expectations put on competency frameworks. It seems that because competencies have been developed with current job holders (at the risk of cloning), employers may expect the level of performance of the individuals for whom they are subsequently used to be neatly arranged along a continuum of competency performance from very good to poor. This may be so if we were

Figure 5:1: The process of integrating competencies into job performance assessment



Source: IES Survey, 1997

dealing with anything other than human behaviour. As one respondent puts it: *'until you take the human element out of any appraisal form, there cannot be a fair appraisal system!'*.

In reality, many factors can impinge upon the perceived objectivity and fairness of the outcome of performance review, be it competency, objective-based or both. In order to understand which factors influence individual perceptions, we need to reconcile the three elements of job performance, namely inputs, process and outputs, and consider the respective roles and needs of the two main players in this context, as illustrated in Figure 5.1. This chapter is obviously concerned with the impact of the use of competencies in the context of the 'outputs' box. As outputs depend to a large extent on the input and process boxes, we need to revisit the findings from the previous chapters.

5.2.1 Matching competencies with job requirements

Put simply, in order to perform a job effectively the job holder needs to be able to do the job (*eg* skills, knowledge and experience) and must know 'what to do'. In the context of job performance, this means competencies need to be combined with the technical skills, knowledge and experience required and matched with the requirements of the job. Whilst these aspects are addressed by all the case study organisations' approaches to performance review, the findings emerging from this study show that this may be difficult to achieve. For example, specialists in the study tended to attach more importance to

their professional training than to their competencies (see 2.2.2). Similarly, we found that competencies are not used to define job requirements to a great extent (see 3.1.1). This suggests that expectations and needs of both line managers and direct reports may already diverge before they assess competencies in the context of job performance.

5.2.2 Deciding which competencies are critical

In this context, the process box means that line managers have to match job requirements with competencies, and the job holder must know which competencies are required to perform the job effectively (*eg* attributes and motivation). By implication, it also means that the job holder must know 'how to do the job' (*eg* abilities, background, support and coaching, *etc.*). Again, the findings emerging highlight some potential difficulties. Respondents who had been trained to use competencies 'to a large extent' were the most satisfied with the approach and therefore likely to be more motivated to use it (see 2.3.2). In the case of the weighted system, for example, thorough training to help users would be an essential requirement. Compared to the other systems described, the weighted system has the advantage of weighting the critical competencies and integrating those with the specialist skills required for the role. In practice, respondents report no difficulties in deciding which competencies are critical for their jobs. However, both line managers and direct reports believe some competencies are more difficult to assess and develop, particularly those that may enable them to perform the more empowering aspects of their roles (*eg* interpersonal skills). Users are also somewhat dissatisfied with the level of coaching and support available to them in their organisations (see 3.3.2).

5.2.3 Combining competencies with objectives

All the case study organisations combined the use of competencies with setting objectives. Obviously, achieving the outcomes will depend on how well the objectives have been set and matched with competencies in the first place. We reported earlier that respondents tended to believe that targets and objectives are easier to measure (see 4.4.1). The contribution of competencies in achieving objectives is a hotly debated topic at the moment, with some practitioners believing — as the following comment of one of the respondent illustrates — that competencies underpin the achievement of objectives:

'Competencies are some of the building blocks contributing to the overall performance: as such they are useful to develop under-performance but otherwise the results are what is important, and largely the ends justify the means.'

Even though targets and objectives may appear easier to measure, this may not always be perceived to be so, as shown by the rather 'tongue in cheek ' comment of one respondent:

'My current objectives are fairly objective — I have a good and fair manager — that is not always the case and I have seen some very subjective interpretation made on the objectives because they are open to subjectiveness!'

Whether achieving objectives is linked to base pay or performance bonuses will obviously depend on the organisation's reward system (see 5.4.2). However, other aspects will come into play to make the job holder want to do the job and ultimately achieve the objectives. For example, self-efficacy has been shown to influence individuals' perceptions that the efforts they put into developing their performance will lead to a positive outcome (Bandura, 1982). As users of competencies are often asked to put much time and effort into assessing and developing competencies, the confidence with which they carry out these activities may act as a good proxy measure for their level of self efficacy.

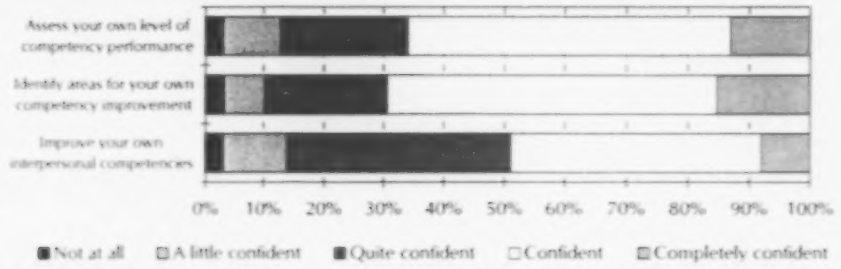
5.3 Are users confident they can assess and develop competencies?

We sought to measure users' self efficacy by asking respondents to indicate how confidently they felt they could carry out a set of activities related to assessing and developing competencies.

5.3.1 Confidence in assessing and developing own competencies

Figure 5.2 shows that on the whole users are confident they can identify areas for their own performance improvement, assess their own level of competency performance and (slightly less so) improve their own interpersonal competencies. Managerial respondents are also more confident than specialists that they can assess and develop their own competencies (see Appendix 2 Table 5.1). We highlighted earlier that as specialists attach more importance to their technical and professional skills, they tend

Figure 5.2: Users' confidence in assessing and developing their own competencies



Source: IES Survey, 1997

to be dissatisfied with generic competencies which they find less relevant to their roles (see 2.2.2). This may partly explain their lower level of confidence in assessing and developing behavioural competencies.

5.3.2 Gender differences

Although we did not find any differences in users' satisfaction or level of confidence according to gender, previous research suggests that all things being equal, men and women may have different interpretations of competency headings and different abilities in assessing and measuring them. We have reviewed elsewhere the potential gender differences in the use of competencies to assess individual performance (Strebler, Thompson and Heron, 1997). Previous IES research suggests that competencies may not necessarily improve objectivity, as the perception of 'high performing' attributes by managers was shown to vary according to gender. Managers perceived males to have more 'impact-oriented' attributes such as ambitious, assertive and dynamic, and females more 'reliability-oriented' attributes such as organised, thorough and dependable (Bevan and Thompson, 1992). Moreover, there is some evidence to show that men and women associate different qualities and behaviours with leadership. When equal proportions of women and men are included in the sample to elicit leadership criteria, different attributes emerge (Alimo-Metcalfe, 1995). The descriptors produced by women tend to reflect a more 'transformational' leadership style (*eg* motivating others to achieve organisational goals) and men a more 'transactional' leadership style (*eg* giving direction and exerting power by virtue of their authority). We also remarked

elsewhere that women are consistently rated lower on leadership ability, and that this has important implications since leadership is a common competency for managers (Strebler, Thompson and Heron, 1997).

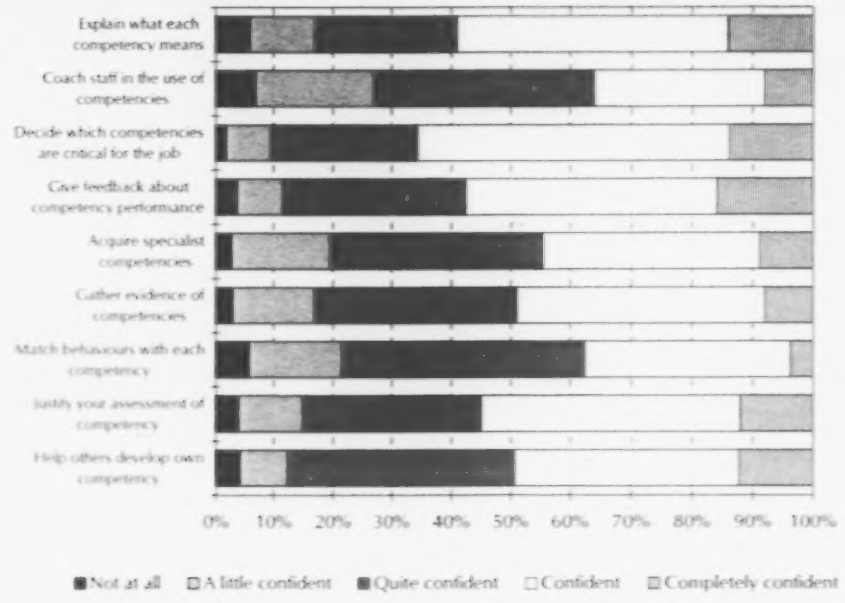
It was therefore interesting to find that in this study the gender of the manager has a significant impact on the level of users' confidence that they can assess and develop their own competencies. It does, however, somewhat contradict what we may expect from the previous research evidence. Male and female respondents with male line managers are more confident about assessing and developing their competencies than male and female respondents with female managers (see Appendix 2 Table 5.1). However, the number of respondents with female managers is small and seems to be clustered in the case study organisation using the weighted system for competency assessment for specialists. As we reported earlier, this system relies almost exclusively on self assessment by direct reports. The competency framework used includes several headings where gender differences in definition and interpretation may arise (*eg* leadership, empowerment, and interpersonal skills). It may have been the case that direct reports were having to spend much time rating their competency performance, only to find that their female managers disagreed with their rating at the performance review. It would be interesting to check this assumption with a larger sample. The size of the sample did not allow us to check the effect of gender mix further — *ie* whether this is the case for female respondents with female managers.

5.3.3 Confidence in assessing and developing the competencies of others

As users tended to believe that assessment of competencies relied too heavily on managers' judgements (see 4.3.1), their trust in their manager's ability to assess competency performance will obviously be a factor in their satisfaction with the outcome. Again we used a proxy measure and asked respondents to indicate how confident they are with assessing and developing the competencies of others.

Figure 5.3 demonstrates that respondents are fairly confident overall that they can assess and develop the competencies of others but slightly less so than when assessing their own. They are most confident in deciding which competencies are critical

Figure 5.3: Users' confidence in assessing and developing the competencies of others



Source: IES Survey, 1997

for a job, giving feedback about competency performance to others, and explaining what each competency means.

Users' satisfaction with the competency approach in financial organisations reported earlier, seems to impact on their level of confidence with assessing and developing competencies. Respondents from financial organisations in the survey are also significantly more confident in using them than their counterparts in non-financial organisations (see Appendix 2 Table 5.2).

The number of staff for whom respondents have to assess and develop competencies has a significant impact on the level of confidence of users. Users who do not manage staff are the least confident in assessing others, and respondents appraising the largest number of staff express the highest level of confidence. Since appraisers who manage a small number of staff (*eg* up to 10) are also less confident, this effect may be due to the size of the role and level of experience, and/or to the fact that appraisers with a large number of appraisees probably felt most obliged to

say they were confident. It may also be that more senior managers (*eg* those who manage more staff) are more confident because they delegate the task to other managers.

Nonetheless, respondents are less confident about coaching staff in the use of competencies. This seems paradoxical. In order to assess and develop the competencies of others, we may expect managers to be able to coach their direct reports in using them. Since coaching makes much demand on interpersonal skills, and we find that users have a lower level of confidence in developing their own interpersonal competencies, this may be a factor. We also reported earlier that users find interpersonal skills the hardest to assess and develop (see 4.4.2).

Given that the uses to which competencies are put and that their implementation has a significant impact on satisfaction with the approach, we may assume that these may also affect users' confidence with competencies.

5.3.4 The impact of implementation

The impact of the amount of training received in understanding and using competencies has been a recurrent theme throughout this study. It has been shown to be a significant factor in users' satisfaction with the approach, and whether employees believe competencies can be assessed properly, and measured objectively and fairly. Again, we find that training in using competencies has a significant impact on users' confidence. Respondents who have been trained 'to a great extent' are the most confident about assessing and developing their own and others' competencies (see Appendix 2 Tables 5.1 and 5.2).

As highlighted by the comment of one respondent, it is not clear whether this is due to the other HR processes for which competencies are used (*eg* in this case promotion) or the amount of training received to rate competencies and job performance accurately. We suspect both may apply. The resulting perception, however, appears to demotivate some managers from putting effort into the task!

> *'My employer requires me to assess staff on the various competencies but if they are to be considered for promotion they must go to an assessment centre and promotion board for the assessment to be redone by people who do not work with them — my input to this process is marginal. This makes it clear to*

managers that their views are not to be trusted. I fully accept that many managers 'do not play the game' and tend to mark high. Managers should either be trained to operate the system properly or they should stop having to waste their time producing assessments that are ignored.'

5.3.5 The impact of matching competencies with job requirements

We proposed earlier that the success of the process by which competencies are integrated into job performance relies on the extent to which they are used by line managers to define job requirements. Again, we find that users are significantly more confident in assessing and developing competencies for others when the competencies are used to define job requirements (see Appendix 2 Table 5.3). As shown by the following comment, failure to match competencies with job requirements may impact on the perception of the appraisal process as a whole:

'There is a need in my organisation for a mix of people, some with a concentration of technical skills, others with management skills — although all require some of each. The current appraisal discriminates against those with a concentration of technical skills.'

However, other aspects may come into play to influence users' level of confidence. Ultimately, motivation to achieve the outcomes will depend on whether they believe their efforts will lead to some positive outcomes.

5.4 Integrating competency assessment

The outcomes of the performance review are the tangible results by which employees judge whether their efforts are worthwhile or not. The perceptions of the process may serve to reinforce or diminish employees' level of confidence with the competency-based approach to assessing their performance. However, the likelihood that their efforts will lead to results are also mediated by other factors such as current position in the salary scale, the level at which their performance has been assessed, and the outcomes of the review.

5.4.1 Users' background

Turning to the respondents, we can see that their position on the salary scale is skewed towards the upper end, as almost half of the respondents are positioned at the upper (45 per cent) or middle range (31 per cent) of their salary scale (see Appendix 2 Table 1.7). Although the impact of the position on the salary scale will depend on the salary structure and reward system used by the organisation, some users may perceive this to limit their chances of further progression. Consequently, they may be less motivated to improve their competencies. However, their perceptions of the performance review process are likely to be recent as the majority of respondents had a performance review in the last three months.

For most of the respondents, competencies were used as part of their last review, with different degrees of emphasis (as shown in Appendix 2 Table 1.7). For a third of respondents, 'competencies and targets are of equal importance' in the assessment of job performance, the remaining being divided between 'targets being more important than competencies', and 'competencies being only used as indicators of performance'. As was the case for the use of competencies (see 3.1.1), we find that respondents' perceptions of the ways in which competencies are integrated into the performance review diverge from what their organisations recommend (see Table 3.1). Moreover, respondents' perceptions are equally divided within as well as between organisations. Whilst these differences may partly be explained by differing job requirements and level of experience, it means that users are likely to be as unclear about how competencies fit into the review outcomes as they are with how they match with their job requirements (see 5.2.1).

5.4.2 Performance ratings

More than half of the respondents had received a 'competent' rating for their performance as a result of their last review (58 per cent) and a third of the respondents an 'exceptional/very good' rating (33 per cent) (see Appendix 2 Table 1.7). Since the survey was conducted internally on a small number of users by each of the case study organisation, we are unable to comment on whether this is a representative sample of performance ratings. We may infer, nonetheless, that the respondents who have received an 'exceptional' rating may somehow be more

confident in assessing and developing their competencies than those whose performance has been rated average or poor.

The distribution of performance ratings according to the position of the respondents on the salary scale reflects the larger proportion of competent ratings overall. However, respondents in the upper range of their salary scale tended to receive a higher performance rating compared to their counterparts at the lower and middle of the salary scale, for whom performance had been mostly rated as 'competent'. It is interesting to note that the sample for managerial respondents is evenly spread across salary ranges and ratings, whereas specialist respondents in the middle range of their salary scale have been mostly rated as 'competent' and a third of the respondents on the upper range have been rated 'exceptional'. This would suggest that the negative attitudes of specialist respondents may have been related to the fact that they tended to be positioned at the upper end of their scale and/or achieve lower performance ratings. As we remarked earlier, specialist respondents are more dissatisfied with their competency frameworks (see 2.2.2). We suspect that other factors such as retention and controlling the pay bill may have had an impact on the distribution of their performance ratings. Similarly, the performance of male respondents on the upper range of the scale tended to be proportionally more likely to be rated 'exceptional' than that of their female counterparts (41 per cent compared to 24 per cent). Whilst we should not take this to be a reflection of the larger distribution in these organisations, it may have some bearing on respondents' perceptions. The position of the individuals on the salary scale and their ratings of overall performance may influence their perceptions of their likelihood of achieving the outcomes.

5.4.3 Impact of competency assessment on performance ratings and outcomes

The ways in which competencies are perceived to be integrated into the performance review seems to have an impact on the level of the performance rating achieved (see Appendix 2 Table 5.4). Respondents tended to achieve a higher performance rating when 'competencies are used merely as indicators of performance', and slightly more so when 'targets and competencies are of equal importance' than when 'achieving performance targets is more important than improving competencies'. Since the small number of respondents for whom competencies

were not used in performance reviews had also achieved a higher performance rating, it is not possible to interpret these differences further. Nonetheless, users who have been required to put much time and effort in their self assessment of competency performance may be less motivated to repeat the process if they are unable to identify how it has contributed to their overall performance rating.

For more than half of the respondents (65 per cent), the performance review had resulted in a 'salary increase or bonus payment' (see Appendix 2 Table 1.8). For more than a third of the respondents (39 per cent), the outcome had been training and development for their current job, and for a further 28 per cent, the outcome had been an increase in responsibilities. For only a small number of respondents (16 per cent), the outcome has been training and development for promotion. It was interesting to examine whether the integration of competency assessment had had any impact on the outcomes (see Appendix 2 Table 5.5). Using the small number of respondents for whom competencies were not used in performance review for comparison, it seems that a greater proportion of respondents for whom achieving targets is more important than improving competencies have received a salary increase or bonus payment. On the other hand, integrating competencies in the performance review seemed to have had an effect on current job training and development, and an increase of responsibilities, as slightly more respondents in these categories have received these outcomes. Again, we are unable to draw definite conclusions due to the small size and the skewed distribution of the sample (*ie* only positive performance ratings are included), we suggest nonetheless that ratings and outcomes may impact on the level of confidence of the respondents to assess and develop their own and others' competencies.

5.5 Link with pay and training outcomes

We argued that whether to link competencies to pay is a hotly debated subject, and that employers who have used them successfully for training and development fear that the link to pay will reduce the benefits that might otherwise be gained (see 1.4). We also commented that in a previous study examining the link of competencies to management training, respondents believed that paying for competencies conflicts with developing them (Strebler and Bevan, 1996). All the case study organisations

are addressing training and development needs as part of the review as well as implicitly linking performance assessment to pay and rewards. We explore whether the attitudes of respondents are any different with the use of competencies in the context of the performance review, and whether the link to pay and training has any impact on users' level of confidence with assessing and developing them.

5.5.1 The impact of competency assessment on the link with pay and reward

Most of the respondents were dissatisfied with understanding how competencies link to pay (see 3.3.1). Since most of the case study organisations were not explicitly linking competency assessment to pay, this may not be surprising. However, using competencies in performance review may raise expectations that competency assessment will have some impact on pay. Employers need to be clearer about how this link is operated (if at all) or they may lose the benefits gained, as indicated by one respondent:

> *'there is an unknown or unclear link between an individual's salary enhancement and improving the competency profile'.*

Other organisational aspects such as the need to manage the pay bill influence respondents' perceptions of the link to pay. Although disagreements in ratings may be present in any performance review system, competency assessment may focus these further. In view of all the hard work and the pitfalls in assessing and measuring competencies, there may be some justification for individuals in organisations to question whether it is worth all the effort, as illustrated by the following comment:

> *'For the first time, my organisation has assessed their management team using competencies and the system has been abused, with the executive disagreeing with ratings and demanding that ratings are downgraded to suit their own purse strings. Having been in favour of the system, I am now totally disillusioned.'*

As another respondent commented:

> *'Managerial staff ratings given have been downgraded regardless of evidence of competencies.'*

It is interesting in this context that we find respondents to be significantly more confident in assessing and developing their

own and others' competencies when these are used to determine salary and pay increases 'to a large extent' (see Appendix 2 Tables 5.3 and 5.6). It may be argued that, at least, users can see a clear link between their efforts and their pay. Whether in practice this is due to competency performance is debatable, since the increase in confidence is mostly explained by the respondents in the case study organisation using a simple system. We have shown that respondents in this organisation mostly believe that the assessment of achieved objectives carries the most weight. Nevertheless, respondents for whom the performance review has resulted in a salary or bonus increase are significantly more confident about assessing and developing their own competencies (see Appendix 2 Table 5.7).

Given that 62 per cent of respondents in the survey agreed that improved competencies should be rewarded, there is no doubt that the use of competencies in performance review raises employees' expectations. On the other hand, there is no doubt also that employers introducing competency-based pay are doing so because they anticipate it will raise the level of productivity whilst helping to control the pay bill (see Strebler, Thompson and Heron, 1997). For this reason, some employers who have introduced competency-based pay systems have also introduced barriers to progression to manage their employees' expectations and control competency drift (IDS, 1996).

5.5.2 The impact of competency assessment on the link with training and development

Training and development for the current job is the second outcome of the performance review, received by more than a third of respondents (see Appendix 2 Table 1.8). We argued earlier that some organisations are reluctant to link competencies to pay because they fear it may undermine the advantage gained from using competencies for training and development. Respondents are more neutral than the respondents in our previous study about the fact that paying for competencies conflicts with developing them (see 4.3.1).

It is therefore interesting to find that a performance assessment resulting in training and development for their current job may have a detrimental effect on the confidence level of users. Respondents for whom the outcome of the performance review was training and development for their current job are signifi-

cantly less confident than their counterparts about assessing and developing their own competencies (see Appendix 2 Table 5.7).

We found that respondents on the whole are least satisfied that their performance assessment will be followed up by some direct actions (57 per cent disagreed that this is the case). This may partly explain why respondents whose outcome was training and development for their current job felt less confident in developing their own competencies. The use of competencies in performance reviews raises staff expectations that individually targeted training solutions will be available to them. It also makes much demand on line managers' coaching ability. Our findings show that respondents feel the least confident in coaching staff in the use of competencies. Personal development plans provide the mechanism by which these could be delivered. Previous IES research on the use of personal development plans has shown, however, that employees find actions arising from their development plans the most difficult to follow through in practice (Tamkin, Barber and Hirsh, 1995). Again, the need to manage expectations in the context of competency assessment, and the role that line managers have in making competency improvements happen, is aptly illustrated by the following line manager who states:

> *'I am a manager of a small team. Our use of competencies as part of performance assessment is effective, thorough and is followed up with development plans. I am convinced that unless the system is undertaken professionally, it has negative value and becomes a cynics' charter. It is therefore all or nothing.'*

It is difficult to draw any conclusions about the effect of training and development for promotion, as it has been the outcome for only a small number of respondents (16 per cent). We mentioned earlier the benefit that might be gained from holding development workshops to familiarise managers with what competencies mean and how to develop them (see 3.4.1). However, employers need to manage staff expectations raised by such events in the context of the performance review, as evidenced by the following comment:

> *'I attended a development centre a year and a half ago. This was used to assess me against the twelve competencies. I did very well and passed with flying colours. It is therefore very difficult to be appraised on the same competencies — I have made the grade on all of them and therefore there was little to say about these at my last two reviews.'*

5.5.3 The role of HR

As the designers and custodians of competency-based systems, HR staff have an important role to play in ensuring that they are objectively and fairly used. In view of the value added that training in understanding and using competencies delivers, employers will no doubt want to review this aspect. Once the system is in the field, however, it is open to misuse. Whilst it is customary for employers to monitor the distribution of performance ratings, none of the case study organisations seemed to monitor the distribution of competency ratings for potential biases. As one respondent remarks, this may be difficult: *'our system is never stable — usually being tinkered with from year to year so direct comparison is very difficult'*. Some simple interventions may help to reduce the risks of competencies being misinterpreted and subjective judgments being applied. For example:

- Many users would welcome a contact with HR and the designers of the system for any queries (a third of the respondents in the survey agreed they would welcome this).
- Similarly, one of the case study organisations was planning to use a tear-out sheet for any users' comments on competency assessment to evaluate their system. This will enable them to assess the need for fine-tuning of competency headings and associated behaviours and monitor competency ratings for potential biases and gender differences.

5.6 Getting the best out of competencies in performance review

This section has explored the ways competency assessment is integrated into the performance review process by the case study organisations. Whilst the assessment of individual job performance has always been dependent on the ability and willingness of line managers to conduct it objectively and on whether the outcomes are perceived to be fair by direct reports, have competencies added value to the performance review?

- All the case study organisations have combined the use of competencies with the assessment of objectives in the performance review. In the case study organisation using a simple system where performance of competencies and objectives are not rated, and where they are both intended to carry equal weight, the assessment of objectives is perceived to carry the most weight in practice.

- The case study organisation using a weighted system carries this complex rating system through to asking direct reports to self assess on objectives achieved, development needs and overall job performance. This puts much emphasis on the need to agree an overall score as it is perceived to be linked to pay.
- The case study organisation linking competencies to job levels requires line managers to assess overall performance and encourages direct reports to come prepared to discuss training and development needs. As prior consultation on competency performance is left to the discretion of individual line managers, the performance review may focus on this rather than on development needs.
- On the whole, respondents are confident they can assess their own level of competency performance and identify areas for improvement. However, they are less confident that they can improve their own interpersonal competencies. Managerial staff and those trained in the approach, are also more confident than specialist and those untrained, that they can assess and develop their own competencies.
- Respondents are also fairly confident that they can assess and develop others' competencies. However, respondents from the financial organisations, in which the competency frameworks may be more embedded, and in managerial roles, where generic competencies may be felt to be more relevant, are more confident than specialists and respondents in non-financial organisations.
- Using competencies to define job requirements as well as training has a significant impact on users' confidence with assessing and developing others' competencies.
- Competency assessment is not directly linked to pay by the case study organisations. However, improving competencies raises expectations that they should be rewarded (62 per cent of respondents think so). Using competencies to determine salary and pay awards significantly improves users' confidence with assessing them for others, although this seems mostly due to the assessment of objectives.
- All the case study organisations discuss training and development needs as part of their performance review. However, 57 per cent of respondents agree that performance assessment is not followed by direct action. Employers should ensure that they provide targeted training solutions to deliver improved competency performance.
- Respondents are far less confident about coaching staff in the use of competencies. This may partly explain why respondents

for whom training and development for their current job had been the outcome of their performance review, are significantly less confident about assessing and developing their competencies. Employers need to provide support and training to equip line managers to coach their direct reports in the use of competencies.

6. Getting the Best Out of Your Competencies

This study has been a journey through the use of competencies, illustrated by the experience of organisations which have been brave enough to submit themselves and some of their employees to the trek! There is no doubt that competencies are on many employers' agenda — but there is no doubt also that employers may embark on a costly journey without knowing whether it is worthwhile in the end. We hope that the experience of these organisations will help employers decide whether they even want to begin the journey, or enable those employers which have already been using competencies for some time to ascertain whether they can add value from varying their route.

6.1 The impact of the use of competencies

We started by asserting that we knew little about the real value added of competencies. We also stated that the way we were going to approach this was to seek users' feedback about their perceptions of the use of competencies, on the hypothesis that satisfied users are likely to use them and use them better. It remains for us to draw together the lessons we have learned. Given that the case study organisations are at different stages in their use of competencies, and that they all have their own idiosyncratic ways of using competencies, the findings appear quite consistent across the organisations.

6.1.1 Introducing competencies without a clear business purpose raises staff suspicion

The case study organisations appear to have different but related objectives when they introduce competencies. Put simply, they want to increase management capability. They anticipate this will

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lead to increased productivity which in turn will enable them to reduce and/or control their pay bill. We found that respondents hold conflicting views about the introduction of competencies by their organisation. Clearly, it is unrealistic to expect that competencies will be introduced in a climate conducive to their use. Nevertheless, the climate of uncertainty brought about by continuous changes in previously fairly steady business cultures has meant that most staff are suspicious about the real purpose of competencies. It is debatable whether suspicious employees will readily adopt the approach and make it work for them. Respondents also voiced their dissatisfaction with understanding how competencies are linked to pay, but disagreed that it is just another initiative to control costs. This may partly explain why most of the case study organisations had divorced their use of competencies from any link to pay.

At the same time, organisations are introducing competencies in order to develop the future skills required for their business to remain competitive. It is arguable whether competency frameworks developed with existing job holders can adequately reflect future business requirements. Some of the organisations in our study were well aware of the need for their competency frameworks to be future-oriented. Paradoxically, these employers have been quite successful in raising career expectations, as users believed that competencies will enhance their careers and agreed that they will help them develop the future skills needed by their organisation. Focusing on future skills without establishing a clear link with business objectives may therefore be interpreted as opportunities to progress. In organisations with flatter structures, where traditional career paths have all but disappeared, this may be difficult to deliver. Interestingly, since users believed that visibility is more important than competencies, employees themselves have tempered their expectations with some degree of realism.

So these organisations had, at least, two different agendas for introducing competencies: a short-term need to deliver improved current job performance, and a more medium-term objective of developing skills for the future. Our findings show that they appear more successful in raising expectations about the latter. Nevertheless, users in our study are fairly satisfied that they understand why their organisations have introduced competencies. However, their attitudes in response to the approach suggest that they are far less clear about what their organisation

wants them to deliver. It is perhaps not surprising, when business priorities change from year to year. Most employers are struggling to bring concepts of organisational capability and competence into closer alignment with behavioural competency frameworks. One of the organisations in our study was reviewing its competencies to link them more closely to its business goals (*eg* a business goal expressed as 'customer satisfaction' links with the competency of 'demonstrating customer focus'). In this way, individuals have a clearer understanding about what their business wants and business priorities can be reflected in the continuous fine tuning of the behaviours associated with broad competency labels.

6.1.2 Perceived job fit and relevance of competency frameworks influence users' satisfaction

Employers need to accommodate different skill needs, (*eg* managerial vs specialist/technical). On the whole, the case study organisations have introduced competencies to articulate the softer aspects of job performance (*eg* team skills, interpersonal skills *etc.*) as these are thought to improve managerial capability. In this sense, and particularly when employers are introducing generic competency frameworks for all staff, technical and specialists skills may be taken as read. Employers are now faced with a challenge which at present remains mainly unresolved — can they use generic competencies or do they need to develop separate frameworks for technical and specialist posts? Our study reinforces the need to address this issue. Most of the managers surveyed do not believe that competencies reflect technical and professional skills. While those with managerial roles in the survey are the most satisfied with competencies, managers with technical and specialist roles perceive the more generic competency frameworks used by their organisations to be less applicable to their jobs.

Our findings suggest two possible courses of action for organisations. One is the need somehow to reflect the greater demands made on specialists to possess, update and apply their technical skills successfully (*eg* introducing separate frameworks, adding a technical competency, couching behaviours attached to generic competencies in a more technical language applicable to specialists, *etc.*). The other is the need to reflect the greater allegiance that some specialist and technical staff may have with their own professional bodies, particularly if it is a requirement of

their profession that their 'technical competence' be externally assessed. Any external assessment can then be incorporated into an overall assessment of competency performance and weighted accordingly.

However, managers in the financial organisations in the survey are more satisfied with competencies than their counterparts in non-financial organisations. This suggests that competencies will be easier to introduce in some business cultures (*ie* those that have a longer history of use and service-related needs for competencies) than others. This may mean that HR staff who are introducing competencies in a business, or parts of a business, where the culture may not be conducive to their use, will find it much harder to introduce competencies successfully. Employers should, therefore, be aware that while competencies may be a useful tool to support culture change, they can only deliver if the supporting mechanisms (*eg* training and rewards) are in place.

6.1.3 Competencies have made the process of performance review more open

The pitfalls in assessing performance have been well documented and employers searching for a better way will be heartened by our finding that users agree that competencies have made the process of performance review more open. Competencies are perceived to have helped managers in clarifying performance objectives, and to be a fairer way to manage performance. However, an initial assessment and agreement of competency performance is needed when implementing competencies, or for requirements on new projects. This may be the first time some users have encountered competencies, and this will shape their first impressions and subsequent motivation to use them. This process relies on goodwill both from line managers and their direct reports, and should be given more attention by employers. It is likely to be time consuming and its effectiveness will impact on subsequent assessment of competencies.

The systems used by the employers in our study to assess competency performance vary along several important dimensions. These include the extent to which competencies are weighted, whether self assessment is used, and whether competencies are linked to the level of job performance required. All the systems we reviewed make much demand on the ability and willingness of line managers and their direct reports to assess

competency performance properly. Users neither believe nor disbelieve that competencies can be assessed properly. They agree, however, that competency assessment relies too heavily on managers' judgements. Other IES research has shown that feedback schemes are competency-based, increasingly popular, and that multi-source feedback is perceived to add real benefits to the assessment process.

6.1.4 Interpersonal skills are perceived to be the most difficult to assess and develop

Given that organisations are introducing competency frameworks to assist individuals in assessing and developing the softer skills they require, the findings in our study should be of concern to employers. The managers in our survey are most dissatisfied with the consistency of assessment and the clarity of the behavioural indicators used to describe each competency. In particular, they agree that the descriptions of some competencies are too vague and too woolly. Users report that competencies which are observable (*eg* communication), which can be tested (*eg* technical skills) and measured (*eg* outputs) are the easiest to assess and develop. By contrast, they find interpersonal skills and soft and behavioural competencies to be the hardest to assess and develop.

Employers should be mindful of the reasons given. Users find these competencies difficult because of how they are expressed, overlap with others, and need to be adapted to work situations. These findings emphasise the need for employers to ensure that softer and behavioural competencies are incorporated into the situations where it is important for individuals to demonstrate them (*eg* making effective presentations, facilitating a meeting, *etc.*). Bearing in mind that employees believe behaviours are difficult to change, employers should consider recruiting and promoting individuals who already possess these skills — *ie* at a time when they can exert some choice over their decisions.

6.1.5 Competencies are perceived to improve the consistency and fairness of the assessment and measurement process, but not the outcome

Employers who integrate competencies into their performance review process are doing so on the assumption that the use of competencies will improve the assessment and measurement of

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job performance. Accurate assessment and measurement of competencies is therefore key to the effectiveness of any HR system into which they are integrated. It is encouraging that users in the survey agree that competencies have improved the consistency of the performance assessment process. They are satisfied that competencies can be fairly assessed and rated objectively. Since they do not believe that most competencies can be measured objectively, however, they are far less satisfied about the outcomes of the process, *ie* the resulting measures. This finding may be partly explained by perceived difficulties reported in assessing softer skills.

Competency assessment has, however, increased the complexity of performance measurement. Different rating systems (*eg* behaviour anchored ratings and graphical scales) need to be combined, and users may be asked to produce up to a hundred rating judgements before they arrive at an overall competency assessment. Employers should be aware that research has shown that the reliability of performance ratings drops when raters are asked to use eleven categories or more. Research on the validity of assessment centres has also shown that six or seven competencies is the optimum number that assessors can manage in practice. More importantly, assessors are better at assessing the level of performance on an exercise as a whole (*eg* making a presentation) rather than on the basis of individual competencies (*eg* communication, analysis, influence *etc*).

Employers should therefore review their competencies to ensure that these are observable. Both the perceptions of users and the research evidence point to the need to anchor behaviours in work situations. Furthermore, competency measurement in performance review is unlikely to be objective unless both appraisers and appraisees have agreed clear competency objectives at the outset.

6.1.6 The outcomes of the performance review impact on users' confidence with their use of competencies

Motivation to improve competency performance depends not only on the extent to which users are satisfied with the approach, but also on their confidence that they can carry out the activities required to assess and develop them. Users are confident that they can assess their own level of competency performance and

identify areas for their own performance improvement. They are also confident that they can assess and develop others' competencies, if slightly less so than for their own. Users with managerial roles are more confident than those with specialist roles that they can assess and develop their own competencies. Employers are often reluctant to use self assessment in performance review. Indeed, we found the approaches taken by the case study organisations varied greatly. Some organisations rely almost completely on self assessment; others leave it to the discretion of individual line managers. Employers should be mindful that the assessment of competencies is a two-way process. An active involvement by both parties will enhance individuals' motivation to use them effectively.

All the case study organisations discuss training and development needs as part of the performance review process. Whether this is good practice is a hotly debated subject, with some practitioners recommending that performance assessment and development be handled separately. Given that regular completion of appraisal may already be difficult to achieve, and that competency assessment is perceived to be time consuming, organisations may need to be pragmatic. However, it is interesting to find that in our study, the individuals for whom the outcome of the performance review was training and development for their current job, are significantly less confident about assessing and developing their own competencies. This indicates that the outcome of the review may have a detrimental impact on users' confidence. Since these employers have introduced competencies to manage and improve current job performance, this may be counter-productive.

We suspect that the amount of support available to employees may also explain this finding. Managers in the survey are far less confident about coaching staff in the use of competencies. Coaching makes much demand on interpersonal skills and these managers also report a lower level of confidence in developing their own interpersonal skills. Employers should, therefore, be aware that their use of competencies increases the need for managers to develop effective coaching skills. Users often request examples of effective use of competencies (*eg* good communication may be demonstrated by a store manager who briefs his or her team about the changes in staff responsibilities at Head Office; managing change, if he or she explains how these may affect them). Employers using core competency frameworks,

in particular, may reinforce their applicability to all staff by using examples for other roles (*eg* a personnel manager who ensures that a store manager has the right information to brief the team).

On the other hand, more than half of the users surveyed in these organisations agree that performance assessment is not in fact followed by direct actions. In this respect, it is interesting to find that the use of competencies to discuss career development 'to a great extent' significantly improves users' satisfaction. In particular, they are more satisfied that they can decide which competencies are critical, agree their level of performance with their managers/direct reports, and combine these with personal targets. They are also slightly less dissatisfied about the consistency of assessing competencies. Using competencies to discuss career development may have clarified competency development needs, and encouraged individuals to ensure they were actioned. By contrast, users for whom competencies are not used to discuss career development, emerge as the most dissatisfied of all users with the implementation of the approach. Employers need to provide targeted training solutions to support the development of competency performance. For instance, some organisations in our study were providing supporting materials (*eg* menu of learning opportunities) to suggest actions that individuals might consider to improve their competency performance.

6.1.7 Competencies raise expectations that improved performance will be rewarded

Whether or not competency performance should be linked to pay and rewards is also a hotly debated issue. Most of the case study organisations had divorced their use of competencies from the link to pay. As their managers, however, are unclear about how their performance assessment is linked to pay, they may have been less successful in communicating this to their employees. Most of the case study organisations combined the use of competencies with the assessment of objectives in the performance review. The structure, openness and complexity of the competency-based performance review systems appear to mirror the systems used for competency assessment. Some of these systems require users to integrate their competency ratings with their ratings of achieved objectives, and combine these into an overall rating of job performance. Although competencies appear to be integrated fully into the performance review

process, in practice managers' comments suggest that they perceive the assessment of objectives to be carrying the most weight, and that the overall score is the most important.

By contrast, and given that more than half of the managers surveyed agree that improved competencies should be rewarded, it is clear that competencies raise employees' expectations. Again, the outcome of the performance review impacts on the level of confidence of users. In this case, it is positive. Users are significantly more confident in assessing and developing their own competencies when the outcome of their performance review has resulted in a salary increase or bonus payment. Employers need to manage employees' expectations when competencies are used in performance review. Our findings show that they should ensure that improved competency performance is linked to current job requirements, to avoid competency drift and communicate clearly the impact that improved competency performance may have on pay.

6.2 Adding value to your use of competencies

Our study demonstrates that there are at least two fairly simple interventions that may add value to existing practices.

6.2.1 Matching competencies with job requirements adds value to their use in performance reviews

As organisational structures have become flatter and job requirements are constantly changing, employers have been moving away from the narrow confines of the 'job'. Competencies are seen by employers as a more flexible way to define job roles. This has been accompanied by a move away from the more rigid definitions of job evaluation systems, and the introduction by some employers of broader salary bands. Consequently, the emphasis has shifted from defining requirements for posts to core competencies across jobs. This is reflected in our study since only a third of users have experienced the use of competencies to define their job requirements 'to a great extent'.

However, much benefit can be gained by linking competencies to job requirements. Individuals in the survey for whom competencies have been used to define job requirements 'to a great extent' are significantly more satisfied with the approach, believe

that competencies will enhance their career, and agree that they help them understand other people's jobs. They also believe that competencies can be assessed properly and are more confident in assessing and developing competencies for others.

Organisations are faced with a dilemma. They introduce core competencies to avoid the proliferation of competency frameworks and move away from narrow job descriptions — but users need to know how competencies relate to their job requirements. One organisation required managers to develop competency profiles for jobs, as well as individual profiles of competency performance. This can be a complex process which demands much support to be effective. Some organisations may not consider this approach suitable, particularly those that are using competencies for development purposes.

On the other hand, line managers are better placed to match competencies with job requirements. Although employees agree that competencies have helped managers clarify performance objectives, it seems that they are less successful in clarifying performance expectations. The alternative would be, therefore, to encourage and equip line managers to agree with their direct reports the ways in which competencies match job requirements. Employers who do not address users' needs to combine competencies with job requirements as a matter of urgency, are unlikely to get the best results from competencies. Failure to do so may demotivate employees who have spent time and effort in assessing and developing their own competencies. They may find their efforts remain largely ignored or, worse, a waste of time if they are later told that these competencies are not required for their jobs.

6.2.2 Training employees in understanding and using competencies adds the most value to their use

HR staff have an important role to play in ensuring that employees will be motivated to use competencies and use them well in practice. Practitioners have long emphasised the need to introduce simple and user friendly competency frameworks, and the need to involve employees in their design. While the employers in our study provided training in the use of the performance review system, most had failed to give proper attention to their employees' needs to understand what competencies are, and how they can use them. Given the time and costs

of developing competencies, and given that managers who have been trained 'to a great extent' are the most satisfied with the competency framework and the clarity of behavioural indicators, failing to train users may be a costly oversight. Employers who need to implement core competency frameworks with specialist and technical staff should also bear in mind that training moderates the negative responses shown towards the job fit of competencies (*ie* training technical and specialist users improves their satisfaction with competencies).

Employers should not, therefore, underestimate the benefits that they can gain from making training and support available to users. Moreover, our findings demonstrate that training is the best predictor of satisfaction at every stage in the use of competencies for performance review. Training users not only significantly improves their satisfaction with the approach and its implementation, but it increases their belief that competencies can be assessed and measured consistently and objectively. Trained users are also more confident in their ability to assess and develop others' competencies.

Since training employees adds the most value to their use, employers should seriously consider whether their training provision is adequate. Again, both practices and research evidence point to the need for employers to attend to the contents of such training (*eg* setting competency-based objectives, collecting evidence, examples of situations, good and poor ratings of competency performance, integrating competency ratings in performance review, *etc.*) as well as its mode of delivery (*eg* seminars, distance learning, user friendly guidelines, nominated support from HR, *etc.*). Our study has suggested the areas that should be considered for employers seeking to improve their training strategy. Employers who do not heed these recommendations are unlikely to get the best out of their competencies. They may find the costs and efforts spent in introducing competencies are wasted on users who do not understand them and are unable, or unwilling, to make them work.

6.2.3 What can employers do?

Most employers do not start with a blank sheet of paper when designing their HR systems but they have put much faith in the power of competencies to improve the effectiveness of their systems. While it is not practical and perhaps not advisable to

keep changing HR systems (their employees may be even more confused), the use of competencies has added a degree of complexity. The solution is for employers to become their own 'corporate doctor'. Evaluating practices by seeking feedback from users will tell them which aspects of their use of competencies need improving and where in their organisations (*eg* location, units, function *etc.*), and for which groups of staff, they need to intervene. The findings of our study highlight the following checklist of points of good practice that employers need to attend to with some urgency:

- Clarify the real business purpose for using competencies.
- Integrate specialist and technical skills and find ways to value these if core competency frameworks are used.
- Review competency frameworks and fine tune competency labels and behavioural indicators as appropriate.
- Train and support users to use, assess and measure competencies.
- Use competencies to define job requirements and discuss career development.
- Attend to the initial assessment stage and consider introducing self assessment, if not already used.
- Listen to users' feedback to establish whether they believe competencies can be assessed properly and measured objectively and fairly.
- Be aware of individual differences in confidence with the use of competencies, provide training in coaching skills, and pay particular attention to the difficulty in developing interpersonal skills.
- Learn from more valid assessment methods and consider the use of multi-source feedback.
- Clarify how competencies are integrated into job performance assessment and how they link to pay and reward.
- Make training and development of competencies happen.

6.3 Summary

Employers are spending vast amounts of money and time in introducing competencies. Our findings highlight that despite all the difficulties, and provided that employers are willing to match their initial effort with much support and training, employees are on the whole fairly satisfied with the competency approaches introduced by their organisation, and are willing to make them

work. Their feedback and comments have provided some pointers to how competency-based performance review may best work in practice. We hope that the experiences of our case study organisations and their employees have served to demonstrate the benefits of evaluating the use of competencies in practice. We hope that our study will encourage every employer using competencies to use simple techniques to evaluate the benefits they might gain from their approach if only they remedied some of the pitfalls. Employers should be aware that competencies only exist because of their employees and their motivation and willingness to make them work.

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Appendix 1: Bibliography

Models and approaches

Canning R (1990), 'The quest for competence', *Industrial and Commercial Training*, 22:5, 12-16.

- Argues against the MCI model of generic competencies as too inflexible. Discusses how sets of competencies based on the theory of dividing managerial work into specific activities does not reflect its true nature, instead he believes that the answer has to come from within the organisation. He is in favour of informal 'unsystematic' learning and concludes that a competency framework should not be adopted if it does not enhance an organisation's learning processes.

Dukes J (1995), 'Before competencies — a plea for clarity', *Selection and Development Review*, 11:5, 3-4.

- Discusses how competencies are in widespread use but lacking a consistent definition. Cites Woodruffe (1992) as the central protagonist arguing for a precise definition to enable adequate theory construction, but argues that historically this is mistaken and definitions tend to follow theory.

Dulewicz V (1994), 'Personal competencies, personality and responsibilities of middle-managers', *Competency*, 1:3, 20-29.

- Reports on a longitudinal research project that has identified 12 independent dimensions of performance, based on self and boss ratings from a wide range of organisations. He believes that they could form the basis of generic dimensions for performance appraisal systems and as a development needs analysis tool. Whilst the author finds the prospect of identifying personal characteristics that result in effective/superior performance promising, the use of a generic model for organisational effectiveness is still a much debated issue.

Esque T J, Gilbert T F (1995), 'Making competences pay off', *Training*, 32:1, 44-50.

- Concerned that the current emphasis on competences can lead to a greater focus on behaviours rather than results, the authors set out ways of avoiding this situation, beginning with a system for analysing what a person in a particular job is expected to achieve, and working out what competences would be needed if the person doing the job is to succeed in meeting these expectations.

Holmes L, Joyce P (1993), 'Rescuing the useful concept of managerial competence', *Personnel Review*, 22:6, 37-54.

- Looks critically at the assumptions of the MCI model of competency and assessment. The authors point to flaws both conceptual and practical, suggest an alternative model that emphasises learning through experience, and argue for the need of 'learning contracts' within organisations.

Jacobs R (1989), 'No simple answers', *The Photofit Manager*, Unwin Hyman

- A refreshingly sceptical critique of the competency approach's limitations and weaknesses. The author perceives it as rooted in the positivist traditions of research, *ie* the use of simplification, quantification, logical analysis, *etc.*, to arrive at a 'profound understanding of complex human behaviour'. Concludes that, while competence-based assessment provides a disciplined and structured basis, innovation and flexibility are necessary if managerial performance is to improve.

Lester S (1994), 'Management standards: a critical approach', *Competency*, 2:1, 28-31.

- Draws on the experience of using the MCI standards at Bristol City Council. Believes that MCI standards are unlikely to solve the issue of managerial effectiveness, and that it is more appropriate to view them as a guidance framework. Describes an interview-based methodology for comparing standards and practice.

Schroder H (1989), *Managerial Competence: the key to excellence*, Kendall/Hunt: Iowa.

- Schroder has drawn on several areas of research to identify eleven 'high performance managerial competencies'. With a firm belief in the gains to be had from organisational effectiveness as organisational structures move towards third generational systems, he outlines a competency-based management development program that aims to deliver an integrated strategy.

Sparrow P R (1994), 'Organisational competencies: creating a strategic behavioural framework for selection and assessment', in Anderson N, Herriot P (eds), *Assessment and Selection in Organisations: Methods and Practice for Recruitment and Appraisal*, John Wiley & Sons.

- A thorough and forward looking review of the competency-based approach. Discusses in detail the three different perspectives on the nature of management skills: vocational, behavioural, and strategic competence. The author argues that a combination of behavioural and strategic competence is the most appropriate approach, creating a flexible framework that is able to reflect the changing relevance of competencies at both the level of the individual and the organisation.

Stewart J, Hamlin B (1993), 'Competence-based qualifications: a way forward', *Journal of European Industrial Training*, 17:6, 3-11.

- In previous articles, the authors have heavily criticised NVQs, here they identify critical factors that they believe should guide the design and operation of any national system of education and training. In recognising that NVQs are here to stay, they suggest changes to the NVQ system that would help both to improve it and allow it to achieve greater acceptability. For example, changing the definition of competence from being 'fully' competent to having 'competence potential', and that different types of evidence in assessment will be needed at different levels in the framework.

Woodruffe C (1992), 'What is meant by a competency?', in Boam R, Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- A clarification of the competence-based approach guiding the reader through the definition of the term and an overview of the debate between generic versus organisation specific lists of competencies. The key point is that competencies are 'dimensions of behaviour which are related to superior job performance', thus aspects of the person which enable them to *be* competent rather than aspects of the job at which the person is competent.

Competency models in practice

Atak W (1994), 'Creating a behavioural structure for superior managerial performance', *Competency*, 1:2, 20-26.

- Courtaulds Textiles' approach to management competencies is described. Methodological details are sparse but competencies were derived from validated critical incident interviews. Appraisal consists of agreement between self and managerial assessment. The author discusses the reluctance of the organisation to move towards competence-linked pay as this may reduce current flexibility and make people more defensive, thus losing the encouragement for openness when the framework is used as a developmental tool.

Fletcher S (1991), 'Contextualising standards', *Education and Training*, 33:4, 17-21.

- Whitbread plc's experience of incorporating a competency-based assessment system across all occupations, with links into the NVQ programme.

Greatrex J, Phillips (1989), 'Oiling the wheels of competence', *Personnel Management*, 21:8, 36-39.

- Describes BP's approach to competency-based development. Key behaviours associated with effective and ineffective managerial performance resulted in eleven competencies grouped into four clusters: achievement orientation, people orientation, judgement, and situational flexibility. Discusses the need for continuity and objectivity in assessment, and how high credibility is gained through the use of senior managers as assessors.

Industrial Society (1996), 'Management Competencies', *Managing Best Practice*, 21, Industrial Society.

- Presents detailed case studies of six organisations' competency systems: Body Shop, British Gas, British Telecom, Ericsson, KLM, and The Senior Civil Service. This is supplemented by a report from the results of a survey of 342 personnel managers and directors on management competencies.

North D (1993), 'Applying the competence approach to management: the Employment Service's experience', *European Review of Applied Psychology*, 43:1, 49-52.

- The potential strengths and weaknesses of using the MCI competence framework are discussed in relation to a postal based survey of 1,000 Employment Service managers. The use of a generic company-wide checklist was found to generate easy comparisons both across and within grades, and allowed the freedom to survey large numbers. However, the checklist led to a large and complex number of competences that were judged potentially difficult to use for appraisal and recruitment.

Sparrow P, Bognanno M (1994), 'Competency requirement forecasting: issues for international selection and assessment', in Mabey C, Iles P (eds), *Managing Learning*, Routledge.

- The authors tackle the debate between generic versus specific competency-based approaches, arguing that it is the latter that is best suited for successful horizontal and vertical integration of HR strategy. They use the example of BP to highlight how to overcome the problem of static or retrospective focus, commonly the result of competence frameworks, with what they term the 'life-cycle perspective'.

Stothart S (1995), 'High performance competences: development through self-managed learning', *Organisations and People*, 2:1, 26-31.

- Describes future-oriented competence research undertaken at ICL. The methodology used involved a combination of managerial focus groups, a software package, personal construct psychology with key management team members, and behavioural event interviews. The key competences are listed, and the design of a programme for developing them is discussed. This contained core elements of 360-degree feedback, a performance management workshop and support/challenge groups, to provide managerial development through work experiences rather than through off-the-job training.

Assessment and measurement

Arnold J, Davey K M (1992), 'Self-ratings and supervisor ratings of graduate employees' competences during early career', *Journal of Occupational and Organisational Psychology*, 65, 235-250.

- Argues that self-ratings reflect self-efficacy and therefore are likely to affect both performance and task choice. Reports on a large scale study of graduates and managers that investigates seven aspects of potential ratings difference. Self-ratings were found to be higher than managers', but the difference varied according to competence dimensions, and not between organisations. Discussion focuses on the perceptual processes involved; argues that graduates rate themselves as individuals but are rated less discriminantly by managers.

Carroll S J, Schneier C E (1982), 'The rater as information processor', in Carroll S J, Schneier C E, *Performance Appraisal and Review Systems*, Scott, Foresman, and Company.

- Looks at cognitive processes that impact on the evaluation of performance. The authors discuss implicit personality and attribution theories, which can be used to understand how a rating made by a rater may be due more to the cognitive characteristics that the rater develops, than the actual behaviour of the ratee. Concludes with a useful discussion of nine implications for the appraisal setting that should be given attention.

Cockerill T (1989), 'The kind of competence for rapid change', *Personnel Management*, 21:9, 51-54.

- Gives an account of how competencies were defined and used by National Westminster. Argues that the eleven identified 'high-performance' managerial competences can be reliably assessed by observers at an assessment centre. The centre can then provide accurate data from which development activities can be planned.

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Craig S (1990), 'Identifying and developing potential', *Training and Development*, 8:8, 17-20.

- Argues for a standard, composed of a defined set of competencies, against which potential can be measured. Presents two models of standard definition, one using job analysis to determine key activity areas and competencies, and one which uses a series of expert groups to elicit core competencies generalisable to all the positions in the target level.

Dingle J (1995), 'Analysing the competence requirements of managers', *Management Development Review*, 8:2, 30-38.

- Profiles training and familiarisation as methods for achieving development and improvement of management. Considers the roles of functional (job specific) versus interfunctional analysis, although does not describe any specific tools. Discusses bias in self-assessment and how reviewing the information with line manager and analyst helps to reduce the error but not eliminate it.

Gomez-Mejia L R (1988), 'Evaluating employee performance. Does the appraisal instrument make a difference?', *Journal of Organisational Behaviour Management*, 9, 155-172.

- Empirically tests behaviourally anchored rating scales (BARS) with global rating scales on two samples of technicians, comparing: rating dispersion, halo effect, test-retest reliability, and criterion-related validity. Despite a literature review detailing the logical appeal of BARS, particularly for an organisational appraisal setting, global rating scales were found to be superior on all counts. However, despite the disturbing nature of these results, it could be that future research needs to take a more systems based approach in its evaluation, rather than concentrating solely on the tool itself.

Hanson M, Miller A F (1991), 'The smile on the face of a leadership tiger?', *Personnel Management*, 23:10, 54-58.

- Report on a study investigating the 'halo effect' and its impact on performance appraisal. Argues that one-on-one interviews and assessment centres are particularly vulnerable to this bias as they operate during a 'brief window of performance'. Believes assessment should focus on the person functioning in a natural way in their natural environment, and on personal achievement history.

Jacobs R, Floyd M (1995), 'A bumper crop of insights', *People Management*, 1:3, 23-26.

- Details how a competency framework was used as the starting-point for the introduction of a 360-degree assessment process at Rhône-Poulenc. Believes the process provides valid insights for the individual and the organisation about needs and progress.

Kandola R, Pearn M (1992), 'Identifying competencies', in Boam R, Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- Provides an overview of job analysis methods and gives a description of the techniques that are commonly used. They argue against the use of just one technique, believing the best approach to be one that combines methods that are quantitative and qualitative. For example, initial observations combined with structured interviews using the PAQ, and critical incident discussions, is judged a comprehensive approach.

Hall J (1992), 'Crediting competence: a portfolio development technique for managers', *Training and development*, 10:6, 11-14.

- An evaluation report that ties in a process for the accreditation of prior learning (APL) for experienced managers with MCI. Recommends a 'good practice' model which has seven stages — recruitment, start-up workshop, evidence collection, portfolio submission, assessment interview, feedback and credit award, and further development. Described as a highly effective assessment technique for MCI standards that is able to incorporate 'alternative' forms of evidence into a competency approach.

Kolb D, Lublin S, Spoth J, Baker R (1994), 'Strategic management development: using experiential learning theory to assess and develop managerial competencies', in Mabey C, Iles P (eds), *Managing Learning*, Routledge.

- Propose the use of the learning style inventory as a method of responding to the learning and knowledge needs of both the individual and the organisation. The starting point is a learning needs assessment process that identifies required competences which is seen as similar to Schroder's model of high performance competences. The authors discuss the need for integrative learning, and make several points about the factors that facilitate learning.

McCredie H, Shackleton V (1994), 'The development and interim validation of a dimensions-based senior management assessment centre', *Human Resource Management Journal*, 5:3, 91-101.

- Reports on the validity of Glynwed International's assessment centre and its use of dimensional ratings, to arrive at an overall assessment rating. The authors investigate the techniques used to predict performance and assess development needs, and believe that dimensional (competence) classification aids constructive feedback, particularly for development.

Robertson I T, Kinder A (1993), 'Personality and job competencies: The criterion-related validity of some personality variables', *Journal of Occupational and Organisational Psychology*, 66, 3, 225-244.

- Discusses how competency clusters (*eg* 'change-orientated'; 'forward planning') are similar, or sometimes identical to, personality dimensions. The study investigates the relationship between these dimensions and competencies, finding that personality questionnaires may be a better predictor than previously thought. Jobs demanding the competencies of 'creativity, analysis, management of others, energy, and communication' are likely to benefit most from such personality testing.

Smith M, Robertson I (1992), 'Assessing competencies', In Boam R, Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- A comprehensive and exhaustive discussion of the different methods available for the measurement and assessment of competences. Four main approaches are detailed: **Analogous**, which uses exercises such as in-tray and trainability tests, thus activities that are directly related to the job concerned; **Analytical**, which uses methods that isolate the key aspects of competences in generic terms, the use of 'abstract' ability and temperament tests are common; **Reputational**, assessments provided by a third party, *eg* supervisors, peers, *etc.*; **Miscellaneous**, less common approaches such as 'future autobiography' which attempts to be future-oriented in its assessment of competences.

Sparrow P, Boam R (1992), 'Where do we go from here?', in Boam R, Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- Concerned by the question of how to extend the 'shelf life' of competencies once they have been identified within an organisation, the authors introduce a number of methodologies and techniques that attempt to ensure such competencies are dynamic and forward-looking. They argue that organisations have made only limited use of the potential offered by competency-based approaches, and discuss ways of linking them to other human resource policy areas, *eg* team building and skill pools.

Ward P (1995), 'A 360-degree turn for the better', *People Management*, 1:3, 20-24.

- Describes 360-degree feedback as a method of performance measurement concentrating on behaviours, skills and competences. Discusses ways in which feedback can be presented, the number of sources to be used (eight to ten appears to be the consensus), and how it should be handled.

Reddin B (1989), 'Expressing effectiveness in terms of outputs', *Personnel Management*, October, 86-91.

- Believes that managers should be appraised only on the extent to which they achieve the output requirements of their position. Introduces the term 'job effectiveness description' which aims to describe a job in terms of input/output with performance being measured on the basis of output.

Performance review

Banks C G, Murphy K R (1985), 'Toward narrowing the research-practice gap in performance appraisal', in Schneier C R, Beatty R W, Baird L S (eds), *The Performance Management Sourcebook*, Human Resource Management Press.

- An absorbing review of the gulf between practitioners and researchers and what they believe are the unresolved issues that stem from this gap, namely appraisal reliability and validity. Ten years on, the use of competency-based approaches does seem to have narrowed the gap concerning the authors' recognition of a need to determine what aspects of performance are 'measurable'. However, many of their points remain current and unresolved, most notably the issue of 'best practices' that would enable standardised behavioural definitions of performance.

Bernardin H J, Beatty R W (1984), 'The role of job analysis in appraisal system development', in Bernardin H J, Beatty R W, *Performance Appraisal: Assessing Human Behaviour at Work*, Kent Publishing Company.

- Relates methods of job analysis to performance appraisal systems to provide a more empirical base in determining the best source for the different components of the system. Considers how different methods can be used to answer questions related to the sources used for the appraisal, its frequency, and the weights to be assigned to the performance dimensions.

Bowles M L, Coates G L (1993), 'The management of performance as rhetoric or reality?', *Personnel Review*, 22:2, 3-23.

- Reports on a postal survey of 250 West Midlands companies to determine the critical issues surrounding the function, strengths and weaknesses of performance appraisal. Finds that changes in HRM policy have made it more difficult to establish objective performance criteria, and that PA is dominated by 'impression management' that is 'supplanting competence and integrity'.

Cook M (1995), 'Performance appraisal and true performance', *Journal of Managerial Psychology*, 10:7, 3-7.

- Reviews the many forms of potential bias that can arise from performance appraisal. Highlights the poor correlation between objective measures of work (of the units-produced-or processed-type) and more subjective appraisals for the same employee. Discusses the organisational implications.

Fletcher C (1994), 'Performance appraisal in context: Organisational changes and their impact on practice', in Anderson N, Herriot P (eds), *Assessment and Selection in Organisations: Methods and Practice for Recruitment and Appraisal*, John Wiley & Sons.

- Reviews the research evidence on the role of 'feedback' in performance appraisal. Believes that whilst competency-based appraisal is capable of comparison between people, its real strength is in analysing the progress of the individual. He also discusses self appraisal as having an important role to play in fostering development.

Linking competencies to pay

Bassett G, Gilbert D (1994), 'Merit increases are a mistake', *Compensation and Benefits Review*, 26:2, 20-27.

- The first author believes that pay and performance should be treated as separate issues and that attempts to tie the two can be counter-productive. The second author states that we should reward performance if we want productivity but not if we want people to enjoy their work! To achieve both, he argues, it then becomes necessary to use pay as an 'informational vehicle', *ie* pay needs to be seen as positively promoting self-determination and competency. This is based on research which reveals that people derive pleasure from engaging in work that gives the feeling of being 'in control' and competent.

Cofsky K M (1993), 'Critical keys to competence-based pay', *Compensation and Benefits Review*, November-December, 46-52.

- Believes that competency-based pay is suited to a large number of organisations, arguing that diversity is not a factor. She identifies crucial determinants of success or failure, contexts where it could provide strategic advantage, and the challenges it raises for the employer, *eg* such a move creates an obligation on the employer to enable improvement and acquisition of competencies and thus a coaching role for line managers

Rankin R (1994), 'Pay: the final frontier', *Competency*, 2:1, 15-17.

- Annual survey revealed that 59% of organisations with competency frameworks are actively seeking to link them to pay. Reviews literature which argues that such a move is a recipe for pay inflation, stagnant or falling productivity. Discusses how those that are carrying out the link are operating cautiously and merely adapting existing PRP schemes. Provides examples of different approaches.

Sparrow P (1996), 'Too good to be true', *People Management*, 5 December, 22-27.

- A critical article which identifies four main issues that can potentially undermine any link between competencies and pay: the performance criteria on which competencies are based; the complex nature of measurement; the relevance of the results to the organisation's future; and the difficulty of making judgements about people's behaviour. Concentrating the argument on 'behavioural competencies', the author states that when these issues are thought collectively they reveal a burgeoning margin of error. Concludes, albeit briefly, that there are other measures of effectiveness, and that these should be considered before a bandwagon starts to roll. Includes case studies.

Torrington D, Blandamer W (1992), 'Competency, pay and performance management', in Boam R, Sparrow P (eds), *Designing and Achieving Competency*, McGraw-Hill.

- Focuses on how competencies can support meaningful objectives, ensure better appraisal and justify individualised reward. They argue that it is critical that competency-based approaches must focus on 'excellence' as opposed to base-level achievement.

Linking competencies to training

Barclay J (1994), 'Involving learners in assessment: self and peer assessment', *Training and Management Development Methods*, 8:1-4, 209-223.

- Experience of peer and self appraisal on management development courses are reported. The author reveals that colleagues are initially wary of giving their peers poor assessment. However, in practice it tends to break down animosity and encourage supportiveness. Self assessment has been shown to increase involvement and create a greater sense of ownership of the process and outcomes. Furthermore, both types foster the view that judgement is respected and that they are perceived as mature. Concludes by setting out some useful guidelines for adopting the practice.

Chaston I, Badger B, Mangles T (1993), 'Healthcare and higher education: the time diary approach for management development', *Journal of European Industrial Training*, 17:1, 3-10.

- Describes the methodological technique of time diaries and how they are able to generate a large body of evidence quite easily for job analysis and training needs assessment. The technique also allows the formulation of a descriptive model of work tasks which can be fed back to the respondents to identify areas they feel external help is needed for development purposes.

Gratton L, Pearson J (1994), 'Empowered leaders: are they being developed?', In Mabey C, Iles P (eds), *Managing Learning*, 146-154, Routledge: London.

- Investigates empowerment characteristics of managers through the use of upward appraisal. The results highlight a shortfall in managers' ability to empower subordinates, and the authors argue that this has implications for organisations moving from a command-control structure to one based on teamwork. They believe that the use of 360-degree feedback will prove valuable to companies where empowerment capabilities are important for their success.

Strebler M, Bevan S (1996), *'Competence-based Management Training'*, IES Report 302.

- A report based on a survey of 377 organisations asked to provide details of their use of competencies. A benchmarking exercise that examines the issues and practices that surround linking competencies to training and development, and the methodology used to assess competency requirements.

Appendix 2: Tables

Appendix Table 1.1 : Survey response rate

Total survey sample	263
Questionnaires returned	184
Overall response rate (Questionnaires returned/total survey sample)	184/263 = **70%**

Source: IES Survey, 1997

Appendix Table 1.2 : Response rate by organisational sector

Organisation type	Questionnaires sent	Questionnaires returned	Response rate
Financial	100	72	72%
Non-financial	163	112	69%

Source: IES Survey, 1997

Appendix Table 1.3 : Biographical information of respondents

	Non-financial		Financial		Total cases	
	No.	%	No.	%	No.	%
Gender						
Male	76	68	51	71	127	69
Female	36	32	21	29	57	31
Age						
Under 35	29	26	28	39	57	31
35 to 45	44	40	26	36	70	38
Over 45	38	34	18	25	56	31
Located						
Head office	61	54	53	74	114	62
Elsewhere	51	46	19	26	70	38
Staff group						
Specialists	88	79	–	0	88	48
Managers	24	21	72	100	96	52
Work in HR/Personnel						
Yes	18	16	4	6	22	12
No	93	84	67	94	160	88
Length of service in current job						
Less than 1 year	11	10	20	28	31	17
1 to 2 years	15	14	19	26	34	19
2 to 4 years	36	34	20	28	56	31
5 years and over	45	42	13	18	58	32
Manage and appraise staff						
Yes	69	62	54	76	123	67
No	43	38	17	24	60	33
Staff appraised						
Under 5	32	47	23	43	55	45
5 to 9	19	28	16	30	35	29
10 or more	17	25	14	26	31	26
Total cases	*112*	*100*	*72*	*100*	*184*	*100*

Source: IES Survey, 1997

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Appendix Table 1.4 : Use of competencies within organisations

	Non-financial		Financial		Total cases	
	No.	%	No.	%	No.	%
Employed at the time competencies were introduced						
Yes	96	86	53	74	149	81
No	16	14	19	26	35	19
Informed about the initiative						
Not at all	4	4	1	2	5	3
To a limited extent	57	61	22	43	79	54
To a great extent	33	35	28	55	61	42
Involved in defining competencies						
Not at all	66	69	30	60	96	66
To a limited extent	19	20	13	26	32	22
To a great extent	10	11	7	14	17	12
Trained in understanding and using them						
Not at all	18	19	7	13	25	17
To a limited extent	54	57	26	50	80	54
To a great extent	23	24	19	37	42	29
Total cases	*112*	*100*	*72*	*100*	*184*	*100*

Source: IES Survey, 1997

Appendix Table 1.5 : Experience of uses of competencies

	Non-financial		Financial		Total cases	
	No.	%	No.	%	No.	%
Define job requirements						
Not at all	30	27	14	19	44	24
To a limited extent	48	43	35	49	83	45
To a great extent	34	30	23	32	57	31
Discuss job performance						
Not at all	4	4	0	0	4	2
To a limited extent	46	43	23	32	69	38
To a great extent	59	54	49	68	108	59
Don't know	1	1	0	0	1	1
Rate job performance						
Not at all	13	12	4	6	17	9
To a limited extent	41	37	24	33	65	36
To a great extent	54	49	43	60	97	53
Don't know	3	3	1	1	4	2
Identify training needs						
Not at all	10	9	3	4	13	7
To a limited extent	53	47	29	40	82	45
To a great extent	47	42	40	56	87	47
Don't know	2	2	0	0	2	1
Discuss career development						
Not at all	10	9	9	13	19	10
To a limited extent	65	58	33	46	98	53
To a great extent	36	32	30	42	66	36
Don't know	1	1	0	0	1	1
Determine salary and pay increases						
Not at all	62	55	22	31	84	46
To a limited extent	40	36	28	39	68	37
To a great extent	9	8	20	28	29	16
Don't know	1	1	2	3	3	2
Total cases	*112*	*100*	*72*	*100*	*184*	*100*

Source: IES Survey, 1997

Appendix Table 1.6 : Methods used to assess competencies by organisational sector

	Non-financial		Financial		Total cases	
	No.	%	No.	%	No.	%
Performance review	109	60	72	39	181	99
Self assessment	55	30	48	26	103	56
Assessment centre	49	27	47	26	96	52
Training courses completed	45	25	23	13	68	37
Development workshops	30	16	36	20	66	36
360 degree feedback	22	12	14	8	36	20
Designated projects	14	8	19	10	33	18
Portfolio	3	2	5	3	8	4
Other	2	1	5	3	7	4
Total cases	*112*	*61*	*72*	*39*	*184*	*100*

Source: IES Survey, 1997

Appendix Table 1.7 : Background details of performance review

		Non-financial		Financial		Total cases	
		No.	%	No.	%	No.	%
Gender of manager:	Male	95	86	64	89	159	87
	Female	16	14	8	11	24	13
Position in salary scale for current job grade							
Lower range of scale		7	6	24	34	31	17
Middle range		30	27	27	39	57	31
Upper range		68	61	14	20	82	45
Don't know		6	5	5	7	11	6
Level performance assessed at last appraisal							
Exceptional		35	32	25	35	60	33
Competent		67	62	37	51	104	58
Average		3	3	4	6	7	4
Too early to say		2	2	3	4	5	3
Unsure		1	1	3	4	4	2
Last performance review							
3 months		52	46	53	74	105	57
6 to 12 months		50	45	15	21	65	35
More than 12 months		9	8	3	4	12	7
Not had one		1	1	1	1	2	1
Competencies used in performance review							
Part of the review and used at last interview		85	77	66	93	151	83
Not used in last review but introduced since		1	1	3	4	4	2
Not used at all in review		18	16	1	1	19	10
Other		7	6	1	1	8	4
Best description of how competencies are used							
Merely as indicators of performance		24	28	13	19	37	24
Performance targets more important		18	21	24	36	42	27
Achieving perf'ce targets and improving competencies equally important		33	38	18	27	51	33
Improving competencies more important		3	3	3	4	6	4
Competencies used to identify training and development needs only		4	5	5	7	9	6
Don't understand how competencies are used in performance review		5	6	4	6	9	6
Total cases		*112*	*100*	*72*	*100*	*184*	*100*

Source: IES Survey, 1997

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Appendix Table 1.8 : Outcomes following competency assessment by organisational sector

	Non-financial		Financial		Total cases	
	No.	%	No.	%	No.	%
Salary increase or bonus payment	43	30	48	34	91	65
Training/development for current job	39	28	16	11	55	39
Increase of responsibilities	21	15	18	13	39	28
Training/development for promotion	20	14	3	2	23	16
Change of job/role content	4	3	5	4	9	6
Lateral job move	5	4	4	3	9	6
Reduction of responsibilities	0	0	1	1	1	1
Counselling	1	1	0	0	1	1
Total cases	*112*	*61*	*72*	*39*	*184*	*100*

Source: IES Survey, 1997

Appendix Table 2.1 : Users' satisfaction with the competency framework

	Sector					
	Non-financial			Financial		
	Mean	Std	Cases	Mean	Std	Cases
Knowing why they are being used	2.54	1.03	112	1.92	0.80	72
The guidelines provided for using them	2.86	1.03	112	2.53	0.89	72
Understanding what each competency means	2.68	1.07	112	2.14	0.91	72
The time allowed for familiarisation	2.96	0.96	111	2.50	0.87	72
The relevance of the competency framework	2.92	1.06	112	2.43	0.98	72
The clarity of behavioural descriptors	3.11	1.05	112	2.97	0.95	72

	Staff Group					
	Specialists			Managers		
	Mean	Std	Cases	Mean	Std	Cases
Knowing why they are being used	2.61	1.04	88	2.00	0.85	96
The guidelines provided for using them	2.81	1.07	88	2.66	0.90	96
Understanding what each competency means	2.72	1.09	88	2.24	0.94	96
The time allowed for familiarisation	2.93	1.02	87	2.65	0.87	96
The relevance of the competency framework	2.94	1.07	88	2.53	1.00	96
The clarity of behavioural descriptors	3.20	1.05	88	2.92	0.96	96

Source: IES Survey, 1997

Appendix Table 2.2 : Users' satisfaction with competency framework according to how well informed about initiative

	To a limited extent		
	Mean	Std	Cases
Knowing why they are being used	2.67	1.07	79
The guidelines provided for using them	3.04	1.04	79
Understanding what each competency means	2.75	1.10	79
The time allowed for familiarisation	3.10	0.94	79
The relevance of the competency framework	3.04	1.11	79
The clarity of behavioural descriptors	3.29	1.00	79

	To a great extent		
	Mean	Std	Cases
Knowing why they are being used	1.93	0.87	61
The guidelines provided for using them	2.30	0.84	61
Understanding what each competency means	2.11	0.93	61
The time allowed for familiarisation	2.40	0.94	60
The relevance of the competency framework	2.54	1.04	61
The clarity of behavioural descriptors	2.77	1.04	61

Source: IES Survey, 1997

Appendix Table 2.3 : Users' satisfaction with the competency framework according to the extent of their involvement

	Not at all		
	Mean	Std	Cases
Knowing why they are being used	2.56	1.11	96
The guidelines provided for using them	2.78	1.03	96
Understanding what each competency means	2.67	1.10	96
The time allowed for familiarisation	2.90	1.03	95
The relevance of the competency framework	3.01	1.08	96
The clarity of behavioural descriptors	3.25	1.03	96

	To a limited extent		
	Mean	Std	Cases
Knowing why they are being used	2.19	0.78	32
The guidelines provided for using them	2.84	1.02	32
Understanding what each competency means	2.38	1.00	32
The time allowed for familiarisation	2.78	0.87	32
The relevance of the competency framework	2.78	1.04	32
The clarity of behavioural descriptors	3.06	1.01	32

	To a great extent		
	Mean	Std	Cases
Knowing why they are being used	1.59	0.62	17
The guidelines provided for using them	2.18	0.88	17
Understanding what each competency means	1.65	0.61	17
The time allowed for familiarisation	2.35	0.93	17
The relevance of the competency framework	1.88	0.78	17
The clarity of behavioural descriptors	2.12	0.86	17

Source: IES Survey, 1997

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Appendix Table 3.1 : Overall attitudes of users' towards using competencies to enhance career according to use of competencies

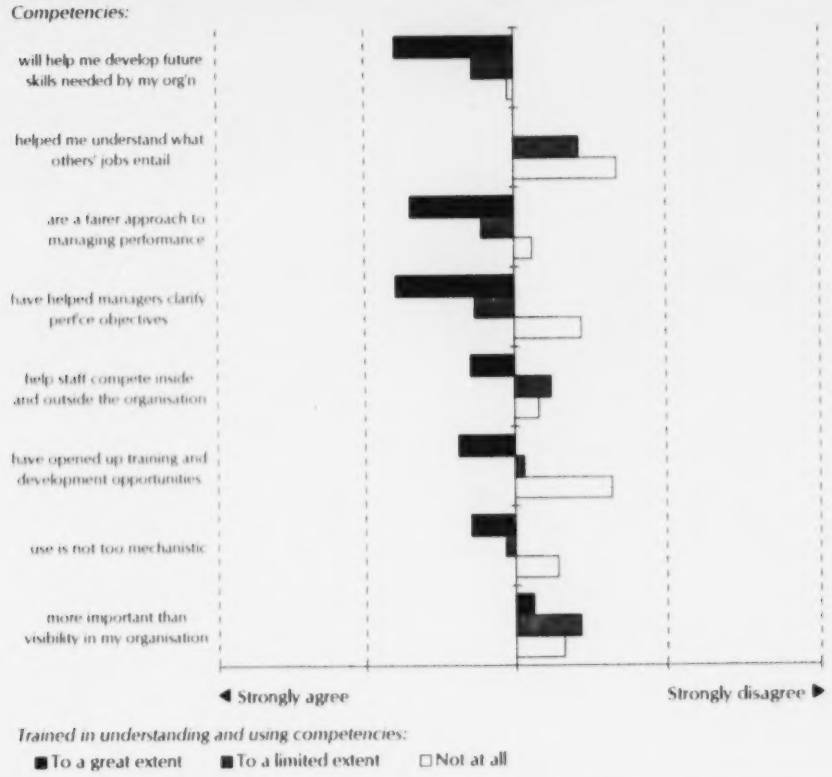
	Not at all		
	Mean	**Std**	**Cases**
Define job requirements	3.20	0.66	43
Discuss job performance	–	–	–
Rate job performance	3.03	0.78	17
Identify training needs	3.13	0.78	13
Discuss career development	3.30	0.83	19
Determine salary & pay increases	3.10	0.70	83

	To a limited extent		
	Mean	**Std**	**Cases**
Define job requirements	3.00	0.67	83
Discuss job performance	3.08	0.68	69
Rate job performance	3.06	0.64	65
Identify training needs	2.98	0.57	82
Discuss career development	2.98	0.60	97
Determine salary & pay increases	2.88	0.64	67

	To a great extent		
	Mean	**Std**	**Cases**
Define job requirements	2.70	0.68	55
Discuss job performance	2.88	0.69	106
Rate job performance	2.86	0.71	95
Identify training needs	2.88	0.76	84
Discuss career development	2.82	0.75	64
Determine salary & pay increases	2.69	0.62	28

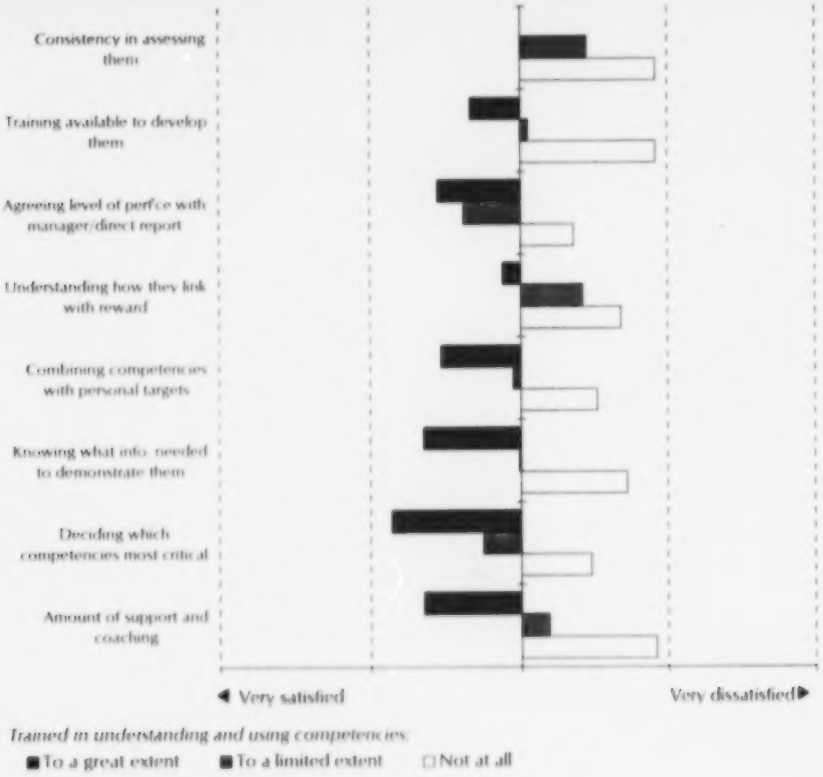
Source: IES Survey, 1997

Appendix Figure 3.1 : Impact of training on the attitudes of respondents towards competencies to enhance their careers


Competencies:
will help me develop future skills needed by my org'n
helped me understand what others' jobs entail
are a fairer approach to managing performance
have helped managers clarify perf'ce objectives
help staff compete inside and outside the organisation
have opened up training and development opportunities
use is not too mechanistic
more important than visibility in my organisation
◄ Strongly agree
Strongly disagree ►
Trained in understanding and using competencies:
■ To a great extent
■ To a limited extent
□ Not at all

Source: IES Survey, 1997

Appendix Figure 3.2 : impact of training on users' satisfaction with putting competencies into practice


Consistency in assessing them
Training available to develop them
Agreeing level of perf ce with manager/direct report
Understanding how they link with reward
Combining competencies with personal targets
Knowing what info needed to demonstrate them
Deciding which competencies most critical
Amount of support and coaching
Very satisfied
Very dissatisfied
Trained in understanding and using competencies:
To a great extent
To a limited extent
Not at all

Source: IES Survey, 1997

Appendix Table 4.1 : Overall attitudes of users' towards the belief that competencies can be assessed properly according to use of competencies

	Not at all		
	Mean*	Std	Cases
Define job requirements	2.78	0.60	41
Discuss job performance	–	–	–
Rate job performance	2.79	0.68	17
Identify training needs	2.86	0.61	12
Discuss career development	2.77	0.53	18
Determine salary & pay increases	2.85	0.58	81

	To a limited extent		
	Mean*	Std	Cases
Define job requirements	2.90	0.49	81
Discuss job performance	2.84	0.54	68
Rate job performance	2.90	0.50	63
Identify training needs	2.90	0.51	77
Discuss career development	2.95	0.55	94
Determine salary & pay increases	3.04	0.51	64

	To a great extent		
	Mean*	Std	Cases
Define job requirements	3.22	0.61	53
Discuss job performance	3.05	0.60	100
Rate job performance	3.07	0.59	91
Identify training needs	3.05	0.62	84
Discuss career development	3.06	0.61	62
Determine salary & pay increases	3.21	0.61	27

*higher scores denote higher level of belief

Source: IES Survey, 1997

Appendix Table 4.2 : Impact of the use of competencies on users' belief that they can be measured objectively and fairly when used to define job requirements

	Not at all		
	Mean	**Std**	**Cases**
Competencies can be fairly assessed	2.95	0.89	44
Competencies can be rated objectively	3.16	0.91	44
Competencies have improved the consistency of performance	3.05	0.99	44
Most competencies can be measured objectively	3.45	1.09	44

	To a limited extent		
	Mean	**Std**	**Cases**
Competencies can be fairly assessed	2.80	0.79	83
Competencies can be rated objectively	3.11	0.94	83
Competencies have improved the consistency of performance	2.96	0.97	83
Most competencies can be measured objectively	3.23	1.00	83

	To a great extent		
	Mean	**Std**	**Cases**
Competencies can be fairly assessed	2.44	0.85	57
Competencies can be rated objectively	2.54	0.91	57
Competencies have improved the consistency of performance	2.64	0.98	56
Most competencies can be measured objectively	2.72	1.11	57

Source: IES Survey, 1997

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Appendix Table 4.3 : The impact of training on users' belief that competencies can be measured objectively and fairly when trained in understanding and using competencies

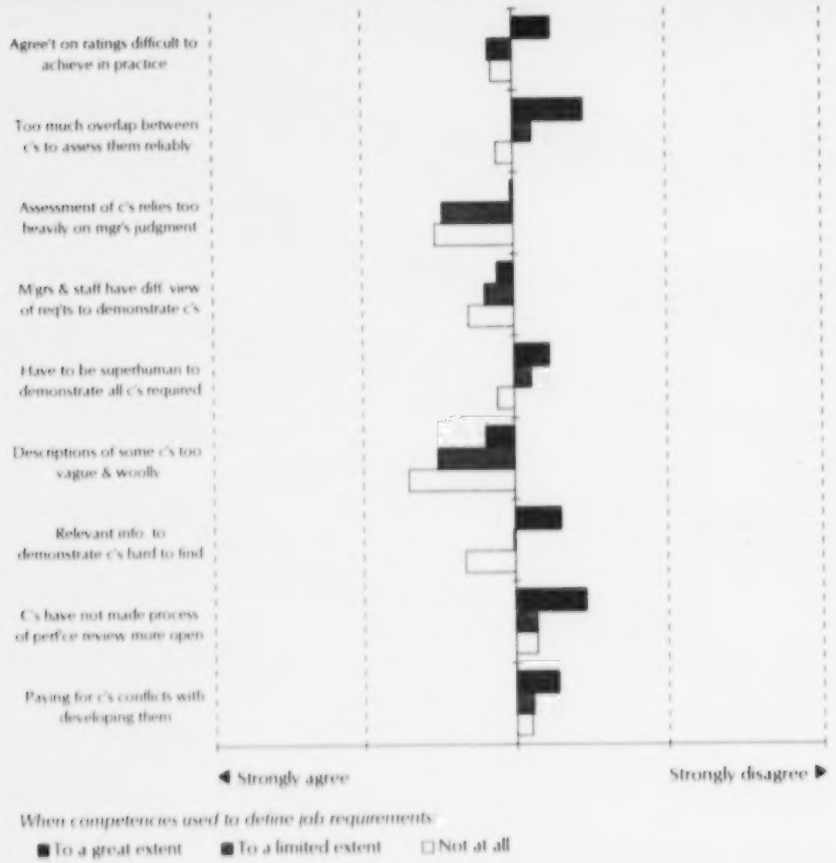
	Not at all		
	Mean	Std	Cases
Competencies can be fairly assessed	3.24	0.88	25
Competencies can be rated objectively	3.48	0.92	25
Competencies have improved the consistency of performance	3.48	1.08	25
Most competencies can be measured objectively	3.72	1.02	25

	To a limited extent		
	Mean	Std	Cases
Competencies can be fairly assessed	2.75	0.86	80
Competencies can be rated objectively	2.90	0.96	80
Competencies have improved the consistency of performance	2.96	1.00	80
Most competencies can be measured objectively	3.29	1.06	80

	To a great extent		
	Mean	Std	Cases
Competencies can be fairly assessed	2.38	0.70	42
Competencies can be rated objectively	2.67	0.90	42
Competencies have improved the consistency of performance	2.45	0.89	42
Most competencies can be measured objectively	2.62	1.03	42

Source: IES Survey, 1997

Appendix Figure 4.1 : The impact of the use of competencies on users' belief that they can be assessed properly


Agree't on ratings difficult to achieve in practice
Too much overlap between c's to assess them reliably
Assessment of c's relies too heavily on mgr's judgment
M'grs & staff have diff. view of req'ts to demonstrate c's
Have to be superhuman to demonstrate all c's required
Descriptions of some c's too vague & woolly
Relevant info. to demonstrate c's hard to find
C's have not made process of perf'ce review more open
Paying for c's conflicts with developing them
Strongly agree
Strongly disagree
When competencies used to define job requirements:
To a great extent
To a limited extent
Not at all

Source: IES Survey, 1997

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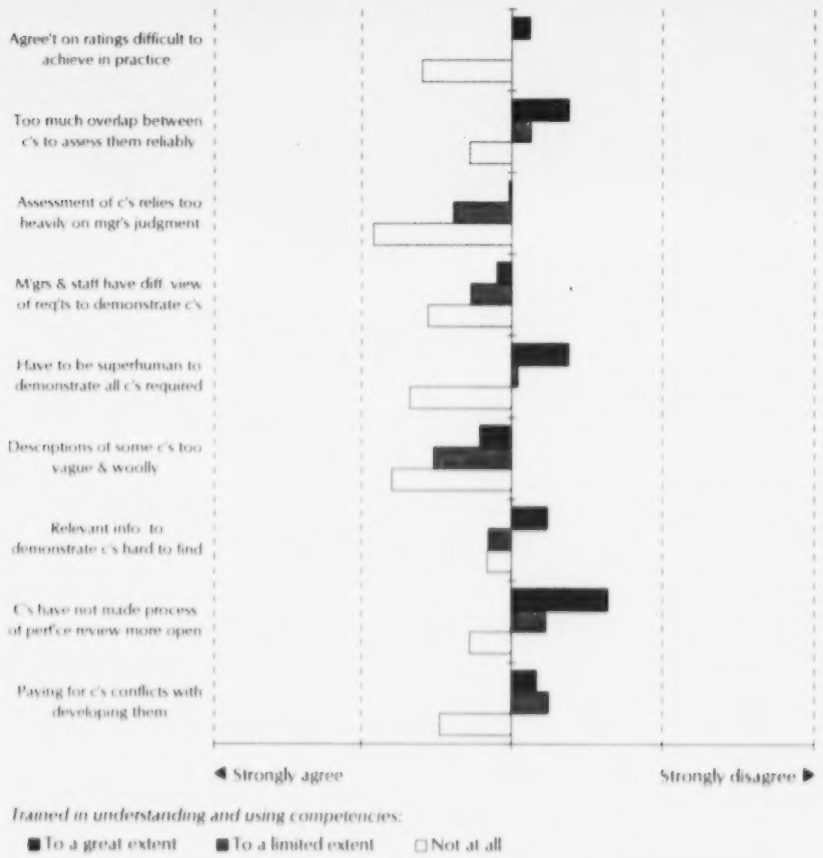
Appendix Figure 4.2 : The impact of training in the use of competencies on users' belief that they can be assessed properly


Agree't on ratings difficult to achieve in practice
Too much overlap between c's to assess them reliably
Assessment of c's relies too heavily on mgr's judgment
M'grs & staff have diff. view of req'ts to demonstrate c's
Have to be superhuman to demonstrate all c's required
Descriptions of some c's too vague & woolly
Relevant info. to demonstrate c's hard to find
C's have not made process of perf'ce review more open
Paying for c's conflicts with developing them
Strongly agree
Strongly disagree
Trained in understanding and using competencies:
To a great extent
To a limited extent
Not at all

Source: IES Survey, 1997

Appendix Table 5.1 : Users' overall confidence with assessing and developing their own competencies according to respondents' background

	Mean	Std	Cases
Organisational sector			
non-financial	3.52	0.78	111
financial	3.70	0.81	70
Staff group			
specialists	3.46	0.79	87
managers	3.71	0.79	94
Gender			
Male	3.57	0.77	125
Female	3.63	0.86	56
Gender of manager			
Male	3.64	0.78	157
Female	3.25	0.86	23
Position in salary scale			
lower	3.60	0.89	31
middle	3.69	0.79	56
upper	3.51	0.75	81
Last review			
3 months	3.56	0.86	104
6 to 12 months	3.63	0.72	64
more than 12 months	3.48	0.62	11
Number of staff appraised			
none	3.56	0.79	60
up to 4	3.57	0.78	54
5 to 10	3.51	0.82	39
11 plus	3.83	0.82	26
Trained in understanding and using them			
not at all	3.33	0.92	25
to a limited extent	3.56	0.76	79
to a great extent	3.76	0.80	42

Source: IES Survey, 1997

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Appendix Table 5.2 : Users' overall confidence with assessing and developing others' competencies according to respondents' background

	Mean	Std	Cases
Organisational sector			
non-financial	3.28	0.71	110
financial	3.61	0.77	70
Staff group			
specialists	3.24	0.70	87
managers	3.57	0.76	93
Gender			
male	3.44	0.70	124
female	3.34	0.85	56
Gender of manager			
male	3.43	0.75	157
female	3.27	0.72	22
Salary scale			
lower range	3.63	0.82	31
middle range	3.49	0.69	56
upper range	3.28	0.70	80
Last review			
3 months	3.38	0.84	103
6 to 12 months	3.48	0.60	65
more than 12 months	3.18	0.63	10
Number of staff appraised			
none	3.16	0.76	60
up to 4 appraisees	3.43	0.66	53
5 to 10 appraisees	3.55	0.80	38
more than 10	3.72	0.68	27
Trained in understanding and using them			
not at all	2.95	0.63	24
to a limited extent	3.38	0.73	79
to a great extent	3.80	0.60	41

Source: IES Survey, 1997

Appendix Table 5.3 : Users' overall confidence with assessing and developing others' competencies according to use of competencies

	Not at all		
	Mean	Std	Cases
Define job requirements	3.40	0.63	43
Discuss job performance	–	–	–
Rate job performance	3.12	0.74	17
Identify training needs	3.13	0.71	13
Discuss career development	3.27	0.66	19
Determine salary and pay increases	3.20	0.76	82

	To a limited extent		
	Mean	Std	Cases
Define job requirements	3.39	0.68	81
Discuss job performance	3.26	0.67	67
Rate job performance	3.27	0.75	63
Identify training needs	3.18	0.68	81
Discuss career development	3.32	0.69	97
Determine salary and pay increases	3.43	0.70	67

	To a great extent		
	Mean	Std	Cases
Define job requirements	3.64	0.85	56
Discuss job performance	3.52	0.78	106
Rate job performance	3.56	0.73	96
Identify training needs	3.68	0.73	84
Discuss career development	3.57	0.84	63
Determine salary and pay increases	3.92	0.57	28

Source: IES Survey, 1997

Appendix Table 5.4 : Ratings of overall performance according to how competencies are integrated into the performance review

	Exceptional/ very good		Good/ competent	
	No.	%	No.	%
Competencies are merely used as indicators of performance	18	38	17	18
Achieving performance targets is more important than improving competencies	9	19	30	33
Achieving performance targets and improving competencies are of equal importance	17	35	30	33
Others	4	8	15	16

Source: IES Survey, 1997

Appendix Table 5.5 : Outcomes of the performance review according to the integration of competency assessment

	Salary increase or bonus payment		Training & development for current job	
	No.	%*	No.	%
Competencies are merely used as indicators of performance	12	52	10	44
Achieving performance targets is more important than improving competencies	27	75	13	36
Achieving performance targets and improving competencies are of equal importance	28	64	20	46
Competencies are not used in reviews	11	65	2	12

	Training & development for promotion		Increase of responsibility	
	No.	%	No.	%
Competencies are merely used as indicators of performance	3	13	8	35
Achieving performance targets is more important than improving competencies	4	11	6	17
Achieving performance targets and improving competencies are of equal importance	8	18	14	32
Competencies are not used in reviews	3	18	5	29

*proportion of respondents who have received the outcome

Source: IES Survey, 1997

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Appendix Table 5.6 : Users' overall confidence with assessing and developing their own competencies according to use of competencies

	Not at all		
	Mean	Std	Cases
Define job requirements	3.37	0.77	43
Discuss job performance	–	–	–
Rate job performance	3.61	0.50	17
Identify training needs	3.69	0.56	12
Discuss career development	3.56	0.56	19
Determine salary and pay increases	3.46	0.84	83

	To a limited extent		
	Mean	Std	Cases
Define job requirements	3.63	0.72	83
Discuss job performance	3.42	0.73	68
Rate job performance	3.48	0.85	64
Identify training needs	3.38	0.72	82
Discuss career development	3.53	0.77	98
Determine salary and pay increases	3.50	0.71	67

	To a great extent		
	Mean	Std	Cases
Define job requirements	3.70	0.90	55
Discuss job performance	3.68	0.83	106
Rate job performance	3.66	0.80	96
Identify training needs	3.78	0.83	85
Discuss career development	3.67	0.88	63
Determine salary and pay increases	4.08	0.63	28

Source: IES Survey, 1997

Appendix Table 5.7 : Users' overall confidence with assessing and developing their own competencies according to the outcomes of performance review

	Yes			No		
	Mean	Std	Cases	Mean	Std	Cases
Salary increase or bonus payment	3.81	0.70	90	3.32	0.85	48
Training and development for current job	3.48	0.84	54	3.75	0.74	84
Increase of responsibilities	3.81	0.82	38	3.58	0.77	100
Training and development for promotion	3.72	0.69	23	3.62	0.81	115

Source: IES Survey, 1997

Appendix 3: Statistical Analyses

This appendix lists the questionnaire items used in the analysis discussed in the sections of this report. Statistical analyses were carried out to devise scales which represent clusters of items on similar issues. Reliability analyses using SPSS were conducted to generate the alpha coefficient for each scale which represents a measure of the internal consistency of each scale. It is generally recommended that a scale should have an alpha coefficient of 0.7 or greater if it is to be used. The scales in the following table were used to compare differences between groups of respondents and are presented in the order in which they appear in the sections.

Multivariate analyses using multiple regression were conducted using the scales and statistical significance for the subgroups, when appropriate, is reported in the discussion in the text.

Scales used in statistical analyses

Scale	No. of items	Mean	Std	Alpha coefficient
Business purpose and job fit	6	19.67	4.15	0.756
Relevance of competencies	6	16.02	4.83	0.889
Enhance career	8	23.62	5.54	0.834
Putting competencies into practice	8	24.02	5.64	0.855
Belief competencies can be assessed properly	10	29.16	5.75	0.805
Belief competencies can be measured objectively and fairly	4	11.68	3.13	0.816
Confidence in use for own competencies	3	10.77	2.39	0.851
Confidence in use for others' competencies	9	30.66	6.73	0.916

Source: IES Survey, 1997

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